

**CO-OPERATION IN TRAINING AND ACCREDITATION OF ACCOUNTANTS IN SOUTHERN
AFRICA: VIEWS OF SOUTH AFRICAN PUBLIC ACCOUNTANTS AND AUDITORS**

by

FRANK DOUSSY

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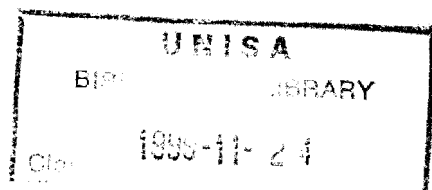
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ABSTRACT

The study was prompted mainly by the need for and possibility of collaboration or even mutual accreditation of practising chartered accountants and auditors in the countries of Southern Africa. In establishing common ground between these countries of Southern Africa it was found that the countries share not only geographical space but also strong and increasingly important trade links, movement of people between the countries and in some instances a common history, culture and language in the form of English. The current harmonisation process of accounting standards worldwide enhanced this process.

A literature study was done emphasising South Africa as part of the Southern African region, with a special emphasis on accountancy education. An analysis of current international co-operation was done with special reference to the current international harmonisation process. As part of the background an analysis was done of the current status of the accountancy profession in each Southern African country.

As this study was done from a South African perspective, the emphasis was on the views of members of the accounting profession in public practice with regard to greater co-operation in the region in the accountancy field. This was achieved by means of an empirical survey.

It was found that the aforesaid professionals are overwhelmingly in support of greater co-operation in the region. They believe that it would enhance the status of individual accounting bodies worldwide; that costs, information and infrastructure could be shared; and that it would enhance professionalism and improve service to clients.

Specific areas were identified where co-operation could be improved, namely that academic training should be harmonised, practical training should be interchangeable and agreements should be reached with individual countries. Some concern was expressed that above all, control should be maintained over the standards of academic and practical education.

It is recommended that the bodies governing the accountancy establishment in South Africa, especially the South African Institute of Chartered Accountants and the Public Accountants' and Auditors' Board, should increase their current efforts to establish greater formal relations with other countries in the Southern African region.

Key terms:

Training accountants; training co-operation; public accountants; Southern Africa; education; South Africa; accreditation; maintaining standards; accounting profession; chartered accountants; harmonisation; academic education; practical education.

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CHAPTER ONE

INTRODUCTION

- 1.1 Objectives
- 1.2 Reasons for undertaking this study
- 1.3 Definition of the problem
- 1.4 Research design
- 1.5 Organisation of the study

CHAPTER ONE

INTRODUCTION

1.1 OBJECTIVES

The purpose of this study is to explore the need for collaboration between the countries of Southern Africa with regard to the possible mutual certification and accreditation of accountants.

To achieve this goal the study investigates the similarities and differences in accounting education as well as the similarities and differences in accounting standards and guidelines. In addition, the interdependence of these countries and trade between them are also explored.

A need exists to establish whether people belonging to the professional bodies of accountants and auditors in the different countries perceive a necessity and possibility for greater co-operation, mutual accreditation and certification. This study seeks specifically to do this from a South African point of view.

The information gathered in the course of this study is used to draw conclusions on the need for greater co-operation and accreditation between the accounting bodies of these specific countries and the possibility of achieving this. A strategy that could be used in the pursuit of greater co-operation is suggested in chapter seven.

1.2 REASONS FOR UNDERTAKING THIS STUDY

The Republic of South Africa became a fully fledged democracy in 1994. This not only opened up world trade for South Africa but also placed South Africa firmly in Africa as an African country. Trade between South Africa and its immediate neighbours increased dramatically during 1994 and especially during 1995. In all probability this trend will continue. This phenomenon extends further than trade. A greater movement of people between these countries, on a permanent or temporary basis, cultural exchanges between peoples, and academic interaction in the region is greatly enhanced.

By international standards South Africa is a small country, in terms of both trade and its population. Even so it is ahead of its Southern African neighbours. Creating trade blocs and maximising the free flow of trade, people and ideas seems to be a world-wide phenomenon. South Africa is following this trend. If South Africa is to be competitive, this trend should be encouraged and promoted.

If the free interchange of people who belong to professional accounting bodies in Southern Africa could be created or promoted this could benefit the already well-established trade between these countries and help to open up the way for companies to establish branches and/or subsidiaries throughout the region. The members of these professional bodies would also benefit both individually and as a group because greater movement between these countries might make it easier to exploit opportunities across borders in the region if the bureaucratic barriers imposed by professional accounting bodies were kept to a minimum.

The necessity for co-operation in trade, cultural interaction and academic exchange on a global and regional scale is widely documented. This is well established in the accounting field. The institution of International Accounting Standards is already proof of this. There seems to be a need for publications focusing on the Southern African region, of which South Africa is an integral part.

1.3 DEFINITION OF THE PROBLEM

In view of the extremely competitive nature of the world, greater co-operation between the accountants of Southern Africa should be promoted.

This can be defined as a problem as follows:

What are the possibilities and what is the need for greater co-operation and accreditation between the various professional accounting bodies of Southern Africa?

A general question like this could be split into the following subquestions:

- (1) Is the accounting environment sufficiently similar to warrant greater co-operation?
- (2) Do the countries of Southern Africa have enough in common to warrant greater co-operation ?
- (3) Do the professional accounting bodies have enough in common regarding standards of education and practical experience to warrant greater co-operation ?
- (4) What are the possibilities of greater accreditation between professional accounting bodies ?
- (5) Do the members of the South African Public Accountants' and Auditors' Board see the need for greater mutual recognition and co-operation ?

1.4 RESEARCH DESIGN

In this study two research methods are used to achieve the research objectives described in the above paragraphs. These two methods are a literature study and an empirical survey. A thorough review of the literature relevant to the study is necessary to assist in the identification of the research problem, the conversion of the research problem into research questions and the development of the specific research hypotheses. In this study a literature

review is undertaken in chapters two to five. Chapter six describes a survey for which a questionnaire was used.

The basic information regarding countries, relevant accounting bodies, educational requirements, practical experience required, professional examinations required, and the levels of accounting standards on a general basis is established by means of a literature study.

The specific levels of accreditation and recognition that currently exist between the different professional accounting bodies are established by means of a literature study.

Because this study was carried out specifically from a South African point of view, the members of the South African Public Accountants' and Auditors' Board were consulted on a sample basis to establish the need for and possibilities of accreditation between the professional accounting bodies of Southern Africa. The only practical way of doing this was by means of a questionnaire sent to certain members of the Public Accountants' and Auditors' Board which constituted a random statistical sample.

1.5 ORGANISATION OF THE STUDY

This study is described in seven chapters. A synopsis of each chapter follows:

CHAPTER ONE: INTRODUCTION

This chapter outlines the background for the research topic. The significance of the research and the reasons for undertaking it are described and the purpose of the study is examined. Finally, the organisation of the study is presented.

CHAPTER TWO: THE COUNTRIES OF SOUTHERN AFRICA WITH SPECIAL EMPHASIS ON EDUCATION

The fact that South Africa is geographically part of Africa is highlighted. Certain areas of common interest, such as trade, the movement of people and common cultural and historical links, are examined.

CHAPTER THREE: AN ANALYSIS OF INTERNATIONAL CO-OPERATION IN THE ACCOUNTANCY FIELD

Success of any movement in support of the training of accountants in Southern Africa across borders, depend upon the prerequisite that accountancy should be applied in a practical manner that is sufficiently similar to make the curriculums of the different countries largely interchangeable. This chapter therefore examines the standardisation of accountancy training.

CHAPTER FOUR: ACCOUNTANCY AS A PROFESSION IN THE COUNTRIES OF SOUTHERN AFRICA

In this chapter the status of the accountancy profession in each country is analysed with reference to educational and practical requirements.

CHAPTER FIVE: RESEARCH METHODOLOGY

This chapter examines the methodology employed in the research as described. This is achieved by focusing on the details of the research design. The matters dealt with in this discussion include the establishment of the population, the selection of the sample, the development and implementation of a mail questionnaire and finally an analysis of the response to the questionnaire.

CHAPTER SIX: ANALYSIS AND INTERPRETATION OF THE RESEARCH RESULTS

Chapter six describes the responses to the questionnaires. An analysis of the profile of registered chartered accountants and auditors is given and their opinions on greater co-operation are then more specifically described, and the reasons analysed. The statistical tests used to analyse the research data are also described. This chapter ends by presenting the results of the hypotheses tested.

CHAPTER SEVEN: SUMMARY, RESULTS, RECOMMENDATIONS AND CONCLUSIONS

The comments of the previous chapters are summarised, conclusions are drawn and the implications of the study highlighted. Areas warranting further research are also presented.

CHAPTER TWO

THE COUNTRIES OF SOUTHERN AFRICA WITH SPECIAL EMPHASIS ON EDUCATION

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- 2.2 Map of Africa
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2.3.5 Mozambique

2.3.5.1 General background

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2.3.6 Namibia

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2.3.8 Swaziland

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2.3.10 Zimbabwe

2.3.10.1 General background

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2.4 Trade between the countries of Southern Africa

2.5 The movement of people between the countries of Southern Africa

2.6 Trade block formation in Southern Africa

2.7 English - a common language for the purpose of communication in Southern Africa

2.8 Summary

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CHAPTER TWO

THE COUNTRIES OF SOUTHERN AFRICA WITH SPECIAL EMPHASIS ON EDUCATION

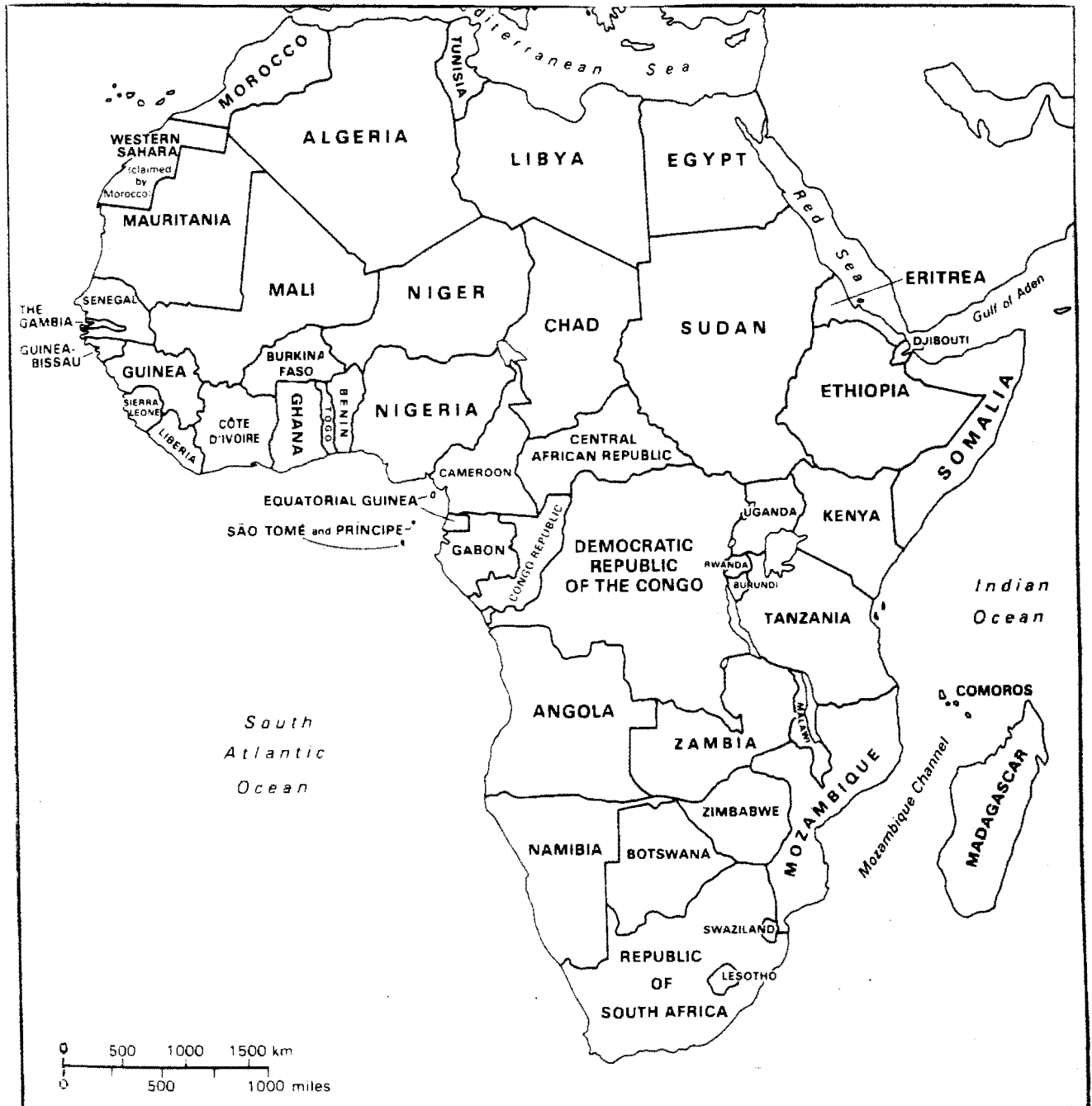
2.1 INTRODUCTION

South Africa is geographically part of Africa, and is situated on the Southernmost tip of the continent. It seems logical that there should be trade, trade agreements, a free flow of people, co-operation, and reciprocal training and accreditation of accountants between South Africa and its direct neighbours, and also countries in the immediate vicinity, that is the countries of Southern Africa. The countries of Southern Africa (Rake 1996:2), excluding islands, in alphabetical order are:

- Angola
- Botswana
- Lesotho
- Malawi
- Mozambique
- Namibia
- South Africa
- Swaziland
- Zambia

- Zimbabwe

2.2 MAP OF AFRICA



Source: Brown 1998:23

2.3 COUNTRIES OF SOUTHERN AFRICA

The geographic region of Southern Africa was chosen rather than the region covered by the Southern African Development Community (SADEC) as the latter is not necessary fixed, but can vary according to political alliances or instabilities.

A short summary of each country is given below, with the main features and important aspects of each highlighted. The area, population, capital city, language, general aspects and the state of the economy are all reflected in order to give a broad idea of the status quo in each country. Factors that might influence possible co-operation with a specific country are highlighted, for example, if a country is devastated by war.

2.3.1 Angola

2.3.1.1 General background

Area: 1 246 000 square kilometres (Rake 1996:29). This makes Angola the largest Southern African country.

Population: 11,2 million people (mid-1995 estimate) (Rake 1996:29).

Capital: Luanda (Rake 1996:29).

Languages: Portuguese is the official language, but mainly African languages are spoken in the country (Rake 1996:29).

General: Portuguese explorers made contact with Angola as far back as 1482. Much later permanent Portuguese settlements were established, but never on a large scale. In those early years trade in Angola was mainly for the purpose of collecting slaves. As late as 1900 fewer than 10 000 whites had settled in Angola. This grew considerably up to 1974, when the country was estimated to have a white population of 330 000. Most of these people left Angola before independence from Portugal. After independence the revolts against the colonial power shifted into another dimension and civil war broke out. The struggle involved mainly three parties, namely the FNLA (the National Front for the Liberation of Angola), the MPLA (the Popular Movement for the Liberation of Angola) and Unita (the National Union for the Total Independence of Angola). (Rake 1996:30-31.) Much of Angola's resources were therefore absorbed by military expenditure instead of development and economic growth.

Economic conditions: The departure of the Portuguese in November 1975 and the war against the Unita movement, and frequently against South Africa as well, disrupted the economy completely. Furthermore, after independence, the government implemented economic policies based on its Marxist-Leninist ideology. Indications of these disruptions include an annual inflation rate of 500% in 1993, successive devaluations of the currency, the Kwanza, with a devaluation of 63% in January 1995 alone. (Clarence-Smith & Vines 1996:146-147.) According to Rake (1996:34) the 1992/1993 war created a "survival"

economy with more than a million people facing starvation and the 2,5 million inhabitants of Luanda were without water or electricity by January 1993.

The only sector in Angola that has experienced growth in recent years has been the oil industry. Oil reserves are estimated at some 2,1 billion barrels with proven natural gas reserves of 37 billion cubic metres. In 1991 oil products accounted for more than 90% of exports. (Rake 1996:33; Clarence-Smith & Vines 1996:154.)

2.3.1.2 Education

A system of compulsory education for eight years, between the age of seven and fifteen years is in force in Angola. This education is provided free of charge by the government. In 1990, 45% of the school-age population were actually enrolled at a school. The university at Luanda is the only university in the country, with 5 736 students in 1986/87. In 1991 there was a move away from only government education, and legislation was approved permitting the establishment of private educational institutions.

In 1976 a national literacy campaign was launched in which an estimated one million adults have received instruction in reading, writing and basic arithmetic. The average rate of adult illiteracy was estimated to be 58,3% in 1990.(Clarence-Smith & Vines 1996:161.) The current situation is unclear because of renewed fighting in the country. New statistical information could not be obtained.

2.3.2 Botswana

2.3.2.1 *General background*

Area: 570 000 square kilometres (Rake 1996:45).

Population: 1,5 million people (mid-1995 estimate) (Rake 1996:45).

Capital: Gaborone (Rake 1996:45).

Languages: Setswana and English (Rake 1996:45).

General: Independence was obtained from England on 30 September 1966. A democratic government was formed which resulted in a rather stable environment. A policy of a neutral stance was adopted towards South Africa and Zimbabwe, thus largely circumventing military conflict in the region. (Rake 1996:46-47.)

Economic conditions: The economy has two main bases, namely livestock (cattle-ranching) and mining, of which diamonds are the most important. The economy of Botswana has grown at a considerable rate from a low base averaging, for example, 8,7% growth in 1987 and 1988. The economy started to slow down in 1992 as a result of various factors. Drought in the area was a significant contributing factor as was a fall in demand for diamonds. Nevertheless, the country offers a stable environment in which to conduct business and trade. (Rake 1996:48-50.)

2.3.2.2 Education

Government has an obligation to provide access for ten years of basic education, starting at an age of seven years. Education is thus not compulsory, but is provided free of charge. As a proportion of the school-age population, total enrolment reached 95% in 1991. In 1994 there were 5 088 technical students and 4 533 students at the University of Botswana.

A National Literacy Programme was initiated in 1980 with a resultant adult illiteracy in 1971 at 59% declining to 26,4% in 1990. Education continue to be a priority with 22% of recurrent expenditure of the central government in the 1994/95 budget allocated to education. (Brown 1996a:194-195.)

2.3.3 Lesotho

2.3.3.1 General background

Area: 30 355 square kilometres (Rake 1996:214).

Population: 1,5 million people (January 1995 estimate) (Rake 1996:214).

Capital: Maseru (Rake 1996:214).

Languages: English and Sesotho (Rake 1996:214).

General: Lesotho is a mountainous country, completely surrounded by South Africa. The population is almost entirely Basotho. The country gained its independence from Britain in 1966. Diplomatic relations between South Africa and Lesotho became very stressed with raids into each other's territory in the 1980s. In 1986 a total blockade was enforced against Lesotho which the latter could not withstand. On 26 March 1986 a security pact was signed and there were no more cross-border raids. (Rake 1996:215-217.) The problems in the country did however not end there. In 1998 South Africa send troops to put down an army mutiny and prevent a threatened coup. This intervention by South Africa was authorized by a Southern African Development Community agreement. (Hawthorne 1998:39.)

Economic conditions: The country has few mineral resources with a harsh climate that limits agricultural cultivation. Lesotho's foreign earnings come mainly from agricultural produce, tourist spending and the earnings of Basotho working in South Africa. The main project in the country, the Highlands Water Scheme, was started in 1991 and the first water was delivered to South Africa in 1995, giving the Lesotho economy a much needed boost. (Rake 1996:218.)

2.3.3.2 Education

In Lesotho primary education is available free of charge, and is provided mainly by three Christian missions (Lesotho Evangelical, Roman Catholic and Anglican), under the direction of the government (Ministry of Education and Training, Sports, Culture and Youth Affairs).

Schooling is compulsory for seven years from the age of six onwards. Secondary education, beginning at the age of 13, lasts for up to five years, comprising a first cycle of three years and a second of two years. In 1993 an estimated 63,8% of male children and 77,7% of female children of schoolgoing age were enrolled at schools.(Brown 1996a:532.)

2.3.4 Malawi

2.3.4.1 *General background*

Area: 94 080 square kilometres. Included in this area is Lake Malawi which consists of 24 000 square kilometres of water. (Rake 1996:245.)

Population: 9,7 million people (January 1995 estimate) (Rake 1996:245).

Capital: Lilongwe (Rake 1996:245).

Languages: English and Chichewa (Rake 1996:245).

General: In August 1961 elections were held in Malawi which was still under British rule. Dr Banda, at the helm of the Malawi Congress Party (MCP), was swept into power. Full independence was obtained in 1963. Dr Banda dominated politics until 1993 when a referendum on a multi-party democracy took place. (Brown 1996b:573-575.) Based on United Nations predictions the population of the country is expected to increase to approximately 11,4 million people by the year 2000, with a very large refugee population

from Mozambique, estimated to be 600 000 people in mid-1994. Of importance is the high incidence of AIDS, which could dramatically influence population patterns in the future. Labour has been a resource for the country for many years with migratory workers seeking employment in neighbouring countries, specifically in South Africa. (MacGregor Hutcheson 1996:573.)

Economic conditions: With an average income of only US\$220 per head in 1993, Malawi's people remain among the poorest in the world. Agriculture is the backbone of the economy, which has a largely subsistence basis. The largest export commodity is tobacco, accounting for 70,5% of export earnings in 1994. This makes the economy highly vulnerable to fluctuations in the tobacco market. Even though industrialisation and tourism were identified as priority development areas, they grew from such a low base that today still these sectors are small compared with agriculture. (Brown 1996c:576-578.)

2.3.4.2 Education

Officially, primary education is compulsory, starts at six years of age and lasts for eight years. In 1990, 48% of the children of primary school age were enrolled at schools. In 1994 free primary education was introduced in an effort to expand education at all levels. Apparently this measure resulted in severe overcrowding in schools. In 1992/93 the University of Malawi had 3 469 students, though it should be noted that some students attended institutions in the United Kingdom and the USA.

According to census results of 1987 the average rate of illiteracy was 51,5%. Attempts are made to improve this situation and a five-year adult literacy programme was launched in 1986 and two teacher-training colleges opened in 1987. (Brown 1996c:588.)

2.3.5 Mozambique

2.3.5.1 General background

Area: 783 030 square kilometres (Rake 1996:284).

Population: 15,8 million people (mid-1995 estimate) (Rake 1996:284).

Capital: Maputo (Rake 1996:284).

Languages: Portuguese is the official language (Rake 1996:284).

General: The recent history of Mozambique is characterised by devastating droughts and armed conflict. In the period 1982 to 1984 it was reported that about 100 000 people starved because of drought. By 1992 international aid agencies estimated that 3,2 million people were facing a shortage of food as a result of drought. (Pélissier 1996:642.) A large vacuum developed with the 1975 withdrawal of the Portuguese, who had controlled the administration and the economy, and the country deteriorated rapidly. Life in Mozambique became almost totally dominated by internal and external confrontation, notably between the government (Frelimo) and Renamo, with South Africa as a donor to the latter

organisation. A breakthrough in this no-win situation was achieved on 4 October 1992 with the signing of a general peace agreement between the government and Renamo. With the help of a United Nations peace-keeping force established in 1993, called ONUMOZ, which remained in operation until 31 January 1995, political stability returned to this country after decades of military campaigns. With the ending of hostilities in Mozambique the massive refugee problem could be tackled. The United Nations High Commissioner for Refugees estimated that 1,7 million refugees were in neighbouring countries. By June 1995 the United Nations High Commissioner for Refugees reported that its programme for the repatriation of refugees had been completed. (Smith-Morris 1996b:642-649.) Life eventually started returning to normal in this war-torn and drought-ravaged country.

Economic conditions: The economy was completely destroyed by war, drought, floods, famine, the displacement of large sections of the population and a severe shortage of skilled labour. Agriculture is the most important sector of the economy. Nonetheless the United Nations estimated at the end of 1993 that one million people would still require direct food aid during 1993 and 1994. (Smith-Morris 1996a:649-651.) Tourism from South Africa has increased rapidly since the 1992 peace accord but from an almost non-existent base (Smith-Morris 1996a:654-655).

2.3.5.2 Education

Officially, education is compulsory from the age of seven for a period of seven years. As a proportion of the school-age population, the total enrolment at primary and secondary

schools actually declined from 52% in 1979 to 32% in 1992, owing to the adverse security situation in Mozambique. In 1992 there were 3 482 students at university in Mozambique. An assessment of a more recent situation of the above could not be obtained.

A major campaign for adult literacy was launched in the early 1980s. Despite this fact, in 1990, it was estimated that 67,1% of the adult population were illiterate. To improve the education situation a programme to improve primary education and to strengthen overall management of the education sector were launched by the government in 1991. (Smith-Morris 1996a:666-667.)

2.3.6 Namibia

2.3.6.1 *General background*

Area: 824 292 square kilometres (Rake 1996:293).

Population: 1,6 million people (mid-1995 estimate) (Rake 1996:293).

Capital: Windhoek (Rake 1996:293).

Languages: English is the official language.

General: Namibia had been a German protectorate since 1884 but was occupied by South Africa from 1914 (following the outbreak of the First World War) onwards. The

country remained under South African control until 1990 when it became independent after elections were held in November 1989 under supervision of a United Nations peace/observation force. Walvis Bay, a 1 124 sq km enclave that contains the country's only deep-water port facilities had remained under South African jurisdiction after Namibian independence. Potential conflict situations were avoided with the voluntary transfer of Walvis Bay to Namibia as recently as 1994. (Saunders 1996:669-672.)

Economic conditions: Namibia is a relatively wealthy country in the African context with a gross domestic product of US\$1 820 per capita in 1994. This wealth is largely mineral and mining based with diamond and uranium being the main products. In the agricultural section fishing is a major industry with the processing of fish products becoming more important. Tourism is also a growth sector with 282 000 tourists in 1992 and an expected increase to 635 000 in 1997. The dependence of Namibia on South Africa is a major feature of the economy, with 32% of exports going to South Africa and 90% of its imports coming from South Africa during 1993. Namibia was transformed into an independent state in 1990 with little social or economic upheaval and with political and economic policies in place that should lead to long-term development and growth. (Sparks 1996:673-676.)

2.3.6.2 Education

A compulsory system of education is in place from the age of six for a period of nine years, or until primary education has been completed, whichever is the sooner. The primary education phase consists of seven grades. Enrolment at the primary schools was equivalent to 83,0% of the relevant age group in 1992. In 1993, 8 652 students were enrolled for

higher education, provided by the University of Namibia, the Technicon of Namibia, a vocational college and four teacher-training colleges.

An estimated 62% of the adult population was literate in the mid-1990s. Informal adult education schemes are in operation in an effort to combat illiteracy. (Sparks 1996:686.)

2.3.7 South Africa

2.3.7.1 General background

Area: 1 211 037 square kilometres (Rake 1996:384).

Population: 41,24 million people (1995 official estimate at mid-year) (Van Buren 1998a:963). This makes South Africa the country with the largest population in Southern Africa by far.

Capital: Pretoria (Rake 1996:384).

Languages: There are eleven official languages (Rake 1996:45), but English and Afrikaans are the most commonly used languages in commerce and industry.

General: One of South Africa's main features is its diverse population constitution with Africans (76%), Europeans (13%), Asians (3%) and mixed-race citizens (8%) making up the population in an official estimate in mid-1994 (Van Buren 1998a:963). Modern history

started in 1652 with the establishment of a provisioning station at Cape Town by the Dutch East India Company. This brought an influx of Dutch-speaking people to the Cape, with additional inflows of Germans and French Huguenots to this region. With the occupation of the Cape in 1795 by Britain an influx of English-speaking people followed. With conflict between the Dutch-speaking (Afrikaans-speaking) people and the British looming, the Great Trek took place with the resultant movement of people in a northern direction, occupying the regions of Natal, the Free State and Transvaal. This "Trek" largely established the present-day territory of South Africa. (Omer-Cooper 1998:946.)

Apartheid (the doctrine that each race is unique and that they should be kept apart so that each can develop to the full along its own inherent lines) became the policy for which South Africa became notorious. The laws governing apartheid were introduced mainly in the years 1948 to 1959. Strong resistance grew against this policy, notably from the African National Congress (ANC). Its leader, the now President of South Africa, Nelson Mandela, spent many years in prison for opposing apartheid and demanding the introduction of a full democracy in South Africa. This internal pressure for change - with pressure also mounted from across the world - brought the people of South Africa to the brink of full-scale internal war with the 1976 Soweto upheaval and other township rebellions in 1985 and a state of emergency being declared in July 1985. (Omer-Cooper 1998:946-950.) On 2 February 1990 President De Klerk made the historic announcement that Nelson Mandela would be released from prison and that the ban on 36 political organisations had been lifted, including the African National Congress. This opened the way for the free elections that were held in 1994 with a relatively smooth transformation to democracy and with the minimum of

violence. (Omer-Cooper 1998:950-951.) Reconciliation was achieved in a dramatic way between the black and white people of South Africa which continues today. These changes also brought about a new awareness that South Africa is not part of Europe, despite its substantial European heritage, but is in fact part of Africa. There is also a growing awareness in South Africa that to succeed in a highly competitive world, regional co-operation (in other words African co-operation) is a prerequisite for a successful economy and country. (Omer-Cooper 1998:952-953.)

Economic conditions: In contrast with the rest of Africa, this country's manufacturing industry is the largest sector of the economy. The most important sections include metal products and engineering, motor manufacturing, clothing and textiles, and a large chemical industry. Mining also forms a major part of the economy with South Africa being the world's leading gold producer. In general the economy of South Africa is well developed with an extensive rail and road network - there were 3 488 570 passenger cars in use in 1992. Telecommunications are also fairly well developed with 3,7 million lines in use in March 1994. Electricity is produced in South Africa in vast quantities and per capita consumption equals that of Western Europe. (Van Buren 1998a:956-962.) A major concern at this stage is the high rate of unemployment in the country. One positive aspect is a significant increase in the size of the "informal" sector since the removal of many petty restrictions which adversely affected this sector in the past.

2.3.7.2 Education

In South Africa compulsory school attendance is in force for children between the ages of seven and sixteen years. Even though South Africa probably has the best record regarding school attendance in the Southern African region, there is still room for improvement as there were an estimated 1,7 million children of school going age not attending school in 1992. On a post school level research indicates that there is a wide range of educational institutions in existence of which there were 21 universities and 15 technicons in operation in 1993, offering technological and commercial vocational training. (Van Buren 1996a:896.)

In 1984 it was estimated that 50% of the adult population were illiterate. However by 1995 the rate of adult illiteracy had declined substantially to an estimated 30%. (Van Buren 1996a:896.)

2.3.8 Swaziland

2.3.8.1 General background

Area: 17 363 square kilometres (Rake 1996:415).

Population: 908 000 people (January 1995 estimate) (Rake 1996:415). This is the country in Southern Africa with the smallest population.

Capital: Mbabane (Rake 1996:415).

Languages: English and siSwati (Rake 1996:415).

General: Swaziland gained independence from England in 1968. Under the rule of the Imbokodvo National Movement (INM) with strong influences from the Swazi royal family, the country experienced relative stability. The country's distinctly pro-Western stance resulted in Swaziland being a moderating force in Southern Africa. The country was largely spared the ravages of armed conflict so obviously devastating in its neighbour, Mozambique. In 1993 formal diplomatic relations were established between Swaziland and South Africa. The South African press criticised the absolute monarchy in Swaziland in 1995 - the only country in Southern Africa that has not adopted a multi-party democratic system - leading to strained relations between the two countries. (Levin 1996:933-937.) The possibility of even greater pressure to reform should not be underestimated. Hopefully a peaceful transition to democracy can be achieved and the ravages of war and civil strife can be avoided.

Economic conditions: The World Bank estimated the per capita income at US\$1 190 in 1993. This places Swaziland in a "middle income" bracket - far better than most Southern African countries. Agriculture is still the main economic activity in the country, accounting for 11,3% of the gross domestic product in 1993/94. Sugar is the main crop. Swaziland is one of the most industrialised countries in Africa with the emphasis on the processing of agricultural and forestry products of various kinds, ranging from sugar, timber, wood-pulp mills, to fruit, cotton and meat-processing plants. The industry also started diversifying with Coca-Cola establishing its regional concentrate plant in Swaziland in 1987. This single event

added more or less 5% to real value added in manufacturing by 1988. (Matthews 1996:937-939.)

2.3.8.2 Education

In Swaziland education is not compulsory. Primary education starts at six years of age and lasts for seven years. In 1992, 91% of children in the relevant age-group were enrolled at primary schools. Higher education is provided by the University of Swaziland (1 730 students in 1994), three teacher training colleges (924 students in 1994), and 2 034 students enrolled at technical vocational institutions in 1994. (Matthews 1996:946.)

2.3.9 Zambia

2.3.9.1 General background

Area: 752 614 square kilometres (Rake 1996:471).

Population: 8,9 million people (January 1995 estimate) (Rake 1996:471).

Capital: Lusaka (Rake 1996:471).

Languages: English is the official language (Rake 1996:471).

General: In 1964 Zambia became independent from Britain after being under British influence since the late 19th century and under the direct control of the British government

since 1924. Despite the country's mineral wealth little development took place. Confrontation between black and white was relatively rare with many whites remaining in the country after independence. Nevertheless, with the unilateral declaration of independence of the then Rhodesia (now Zimbabwe) in 1965, and Zambia's support of guerrilla opposition groups in Rhodesia and Mozambique, violent incidents along the borders did occur. Borders between Zambia and Rhodesia were closed in 1973, except for copper exports. Zambia's government then decided to divert copper exports via Angola with a resultant dramatic decline in the economy of Zambia. (Roberts 1996:1039.) President Kaunda remained in power from independence until 1991 when a multi-party democracy was established. This in itself did not solve the country's problems, with allegations of malpractice and corruption being widespread. Also, political opposition did not always follow the usual route with President Chiluba declaring a state of emergency in 1993. (Roberts 1996:1041-1042.)

Economic conditions: Copper is probably the single most important product in Zambia with copper accounting for 67% of foreign exchange earnings in 1994 - down from 93% in 1991. This makes the country highly dependent on and vulnerable to fluctuations in the international price of copper. The other important mining product is coal. The backbone of the economy remains agricultural production, with some of the principal products being maize, sugar cane, cassava, millet, beans, cotton, coffee and tobacco. The fact that the agricultural sector employed 75% of the labour force in 1993 is an indication of the importance of this sector in Zambia. (Van Buren 1996b:1043-1044). A reform programme to liberalise the economy was introduced in 1992, with a programme to privatise 130 state-

owned enterprises over a period of five years. Inflation was reduced from 400% in October 1991 to 53% in 1994. As part of this programme the exchange rate policy was also liberalised, laying the foundation for future economic growth. (Van Buren 1996b:1047.)

2.3.9.2 Education

Primary education starts at seven years of age and lasts for a period of seven years. Primary education is compulsory. In 1988 an estimated 80% of the relevant age-group attended primary schools. It is interesting to note that in the period 1964 to 1979 enrolment at schools increased by 260%. Higher education is provided by two universities and 14 teacher training colleges. (Van Buren 1996b:1058.)

It is estimated that the average rate of adult illiteracy in 1990 was 27,2%. (Van Buren 1996b:1058.)

2.3.10 Zimbabwe

2.3.10.1 General background

Area: 389 700 square kilometres (Rake 1996:482).

Population: 12,29 million people (official estimate at 18 August 1997) (Van Buren 1998b:1138).

Capital: Harare (Rake 1996:482).

Languages: English is the official language (Rake 1996:482).

General: Zimbabwe, formerly known as Southern Rhodesia and later Rhodesia, came under the British sphere of influence on strength of rumoured mineral potential and was established by the British South Africa Company (BSA) in 1890. Settler immigration was actively encouraged and the white population, mainly from Britain, reached in excess of 200 000 people by the late 1950s. In 1965 the prime minister, Ian Smith, carried out the long threatened unilateral declaration of independence (UDI), retaining political and economic control in the hands of the white settlers. International economic sanctions after this event seemed to be ineffective, with South Africa and Mozambique (still under the control of Portugal) giving active support to keep Ian Smith in power. In 1971 an attempted constitutional settlement with Britain was rejected and after that the armed struggle dominated life in Zimbabwe. By 1979, due to economic decline, declining white morale and guerrilla successes in the rural areas, a settlement was actively sought by Ian Smith. A settlement with all warring parties was reached, free elections were held, and independence was obtained in an orderly way in 1980. Probably the most outstanding feature of the period directly after independence was the markedly conciliatory stance of the victor, Robert Mugabe. He restored stability in the country with measures like including two whites in his cabinet and toning down his original socialist goals. (Brown 1996d:1060-1062.)

Economic conditions: Since Zimbabwe was able to avoid large-scale destruction in the period before independence and toned down its socialist goals, economic conditions in Zimbabwe have actually improved since independence from Britain on 18 April 1980. The gross domestic product grew by 2,8% during the first 12 years of independence. Growth reached 5,2% in 1994, but has since slowed down, mainly because of drought. Services are the most important sector of the economy, contributing 48% of gross domestic product in 1993, followed by manufacturing at 30%, agriculture at 15% and mining at 6%. This illustrates that the economy in Zimbabwe is well diversified with the ability to withstand temporary setbacks like droughts and large fluctuations in international commodity prices. A major problem and source of criticism though was the notable trend in domestic expenditure in the 1980s with a decline in the private sector's share from 63% in 1980 to 53% in 1986, to 44% in 1989. However, this downward trend was reversed since 1990, and the private consumption as a percentage of total expenditure grew to 71% in 1992. (Van Buren 1996c:1065.) In 1993 Zimbabwe was trading internationally with South Africa, United Kingdom, Germany and the United States of America. Following recently increased trade liberalisation in Zimbabwe and the historic change of government in South Africa, trade between the two countries is expected to strengthen even further. (Van Buren 1996c:1069.)

2.3.10.2 Education

Primary education starts at seven years of age and lasts for a period of seven years, and is compulsory since 1987. In 1992 the number of pupils attending primary and secondary schools was equivalent to 89% of children in the relevant age group. There are two universities in Zimbabwe with 61 553 students attending in 1992.

In 1992 the estimated rate of adult literacy stood at 66,9%. Education is also seen as high priority in Zimbabwe with about 20% of total central government expenditure going to education. (Van Buren 1996c:1083.)

2.4 TRADE BETWEEN THE COUNTRIES OF SOUTHERN AFRICA

Given that relative peace has been restored in the region, there should be a healthy growth in trade in the region. The following tables illustrate the extent of trade in the Southern African region.

Table 2.1: Exports from South Africa to selected countries for the year ended December 1998 compared to previous years in R millions

	Southern Africa in Total	Angola	Malawi	Mozam- bique	Zambia	Zimbabwe
	R mil	R mil	R mil	R mil	R mil	R mil
1998	12 242	1 083	1 209	2 647	2 111	5 192
1997	11 968	876	1 092	2 616	2 134	5 249
1996	12 052	1 524	962	2 377	1 801	5 388
1995	9 289	446	695	2 237	1 367	4 543
% Increase over period	32 %	143 %	74 %	18 %	54 %	14 %

Source: SA. 1998. Monthly Abstract of Trade Statistics.

There was spectacular growth in the exports to Angola, but the increase came from a very low basis.

Table 2.2: Imports to South Africa from selected countries for the year ended December 1998 compared to previous periods in R millions

	Southern Africa	Angola	Malawi	Mozam- bique	Zambia	Zimbabwe
	R mil	R mil	R mil	R mil	R mil	R mil
1998	1 961	14	457	173	217	1 100
1997	1 818	210	390	168	166	884
1996	1 980	261	295	75	173	1 177
1995	1 383	4	203	117	95	964
% Increase over the period	42 %	250 %	125 %	48 %	128 %	14 %

Source: SA. 1998. Monthly Abstract of Trade Statistics.

Again some spectacular growth was recorded but in some instances from a very low base. It is also noteworthy that the current trade between South Africa and other Southern African countries is very much in South Africa's favour, with exports to these countries almost six times higher than imports. Steps to correct this imbalance are to be introduced in future.

2.5 THE MOVEMENT OF PEOPLE BETWEEN THE COUNTRIES OF SOUTHERN AFRICA

The following information up to and including 1993 was obtained from SA. Tourism and Migration (1993:1.1) and that for the period 1994 to 1996 was obtained from the Central Statistical Services of South Africa (1999:Home Page).

Table 2.3: Foreign visitors to South Africa

Year	Foreign Visitors (Number of people)
1990	1 029 094
1991	1 709 554
1992	2 891 721
1993	3 358 193
1994	3 896 547
1995	4 684 064
1996	5 186 221

This shows a rather spectacular increase in the number of foreign visitors to South Africa, which reflects the more “internationalised” acceptance of South Africa since the normalisation of the political situation.

Table 2.4: Foreign arrivals in South Africa in 1996 by means of arrival

Means of Arrival	In percentages
Road	75%
Air	24%
Rail or sea	1%
Total	100%

Source: (Central Statistical Services of South Africa 1999:Home Page.)

Table 2.5: Foreign visitors to South Africa analysed by certain African countries in 1996

Country	In percentages
Lesotho	36 %
Zimbabwe	19 %
Swaziland	18 %
Botswana	12 %
Mozambique	8 %
Namibia	5 %

Source:(Central Statistical Services of South Africa 1999:Home Page.)

2.6 TRADE BLOC FORMATION IN SOUTHERN AFRICA

Many African states have set up regional economic groupings. These have been created mainly to deal with the problems of diseconomies of scale and to promote intra-regional trade. (Griffiths 1994:182.) In Southern Africa the Southern Africa Development Co-ordination Conference (SADCC) was created in 1980. Its main aim was to encourage economic development and co-operation *independent* from a then hostile South Africa. The work of this organisation was mainly aimed at improving transport in the region. Despite the fact that one of its stated aims was to reduce economic dependence on South Africa,

the leaders of the SADCC stated in 1992 that they would welcome participation in the organisation by a majority-ruled South Africa. Parallel to the SADCC, the Preferential Trade Area (PTA) was formed in 1982. This organisation covered a wider area, covering not only Southern Africa, but also extending to eastern Africa. Its main object was to promote intra-regional trade and joint action by member states in the production of certain goods in an attempt to integrate the national economies into a regional economic community. Unfortunately all these countries exported mainly primary products and imported manufactured goods with intra-regional trade remaining low compared with the amount of extra-regional trade. (Griffiths 1994:183-185.)

The SADCC was formalised to a greater extent in 1992 with the establishment of the Southern African Development Community (SADC). The members are Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa (only joined in August 1994), Swaziland, Tanzania, Zambia and Zimbabwe. The formalised objects of the SADC are:

- 1. Deeper economic co-operation and integration, on the basis of balance, equality and mutual benefit, providing for cross-border investment and trade, and freer movement of factors of production, goods and services across national boundaries;*
- 2. Common economic, political and social values and systems, enhancing enterprise competitiveness, democracy and good governance, respect for the rule of law and human rights, popular participation and the alleviation of poverty; and*

3. Strengthened regional solidarity, peace and security, in order for the people of the region to live and work in harmony.

(Regional Organizations 1996:121)

A number of projects have already been launched or are in the process of development with funds for many projects already secured. These projects are mainly in the transport and communications sectors, an energy programme (linking of national electricity grids), regional food security, human resources development, inland fisheries, forestry, wildlife and the promotion of tourism. The transport and communications projects take up almost half the allocated funding. The total funds secured by the SADC in 1993 amounted to US\$4 283,8 million. (Regional Organizations 1996:121-123.)

2.7 ENGLISH - A COMMON LANGUAGE FOR THE PURPOSE OF COMMUNICATION IN SOUTHERN AFRICA

A striking fact is that English is a common official language in a large area of Southern Africa. It is not necessarily the indigenous people's home language, but is commonly used in commerce and education. If English is not used in primary level education then it is almost always at tertiary level.

In summary, the countries with English as an official language are Botswana, Lesotho, Malawi, Namibia, South Africa, Swaziland, Zambia and Zimbabwe. The only ones which do not are Angola and Mozambique, which have a Portuguese heritage. The fact that

English is so extensively used makes it a common denominator in the region, and its use could facilitate co-operation in the region at all levels.

2.8 SUMMARY

Situated as it is at the Southernmost tip of Africa, South Africa is geographically part of Africa. South African trade with Africa is growing at a tremendous rate and simply as a result of the shared borders and shared locality this trade and movement of people will in all probability continue to do so. The countries of Southern Africa form a relatively small area and have a small population compared with other countries or federations like the European Economic Community or the United States of America. It therefore seems reasonable that South Africa should establish better trade links, communication and co-operation with its close neighbours. Better co-operation in all fields of education and specifically accountancy education could enhance these trends. English, which is an official language in eight of these countries, makes it far easier to establish cultural and academic links. With much of the area's political problems and wars resolved now seems a likely time to expand already existing ties in the region.

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CHAPTER THREE

AN ANALYSIS OF INTERNATIONAL CO-OPERATION IN THE ACCOUNTANCY FIELD

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CHAPTER THREE

AN ANALYSIS OF INTERNATIONAL CO-OPERATION IN THE ACCOUNTANCY FIELD

3.1 INTRODUCTION

If countries ever want to recognise and support the training of accountants in Southern Africa across national boundaries, a prerequisite will be that accountancy should be applied in a practical manner that is sufficiently similar to make the curriculums of the different countries largely interchangeable. This immediately raises the issue of harmonisation of accountancy on a worldwide basis. According to Chandler (1992:221) the move towards harmonisation of accounting standards can be traced as far back as the first international accounting congress held in St Louis, Missouri, United States of America, in 1904. Harmonisation as such is not something new, but has lately been accelerated due to the internationalisation of trade.

As trade and business enterprises are trading more and more internationally, risk associated with operating and investment decisions can be significantly reduced by internationally harmonised accounting standards. Certainly the world has come a long way towards

creating the “global village”. The globalization of business and the internationalisation of economies have resulted in pressure for comparability and high standards of financial reporting. (Sharpe 1994:4.)

3.2 THE IMPORTANCE OF ACCOUNTANCY IN ECONOMIC DEVELOPMENT

According to Belkaoui (1994:20), accountancy has a dual function in the economic development process, i.e. at both a micro level and a macro level. At micro level accountancy is essential to corporations and small government divisions in the field of measuring, reporting and disclosing information about their financial position (balance sheet) and performance (income statement). It is an important tool for disseminating the relevant information for future decision-making by these “micro” units. On the macro level, accountancy is essential as governments and nations need accounting in measuring, reporting and disclosing national economic performance. It is also helpful in measuring social indicators to assess the adequacy of performance in all the national areas of importance to a country, for example health and education. Accountancy does start with the mere measurement of economic activity, but if it is properly implemented and used as a management tool it can serve development planning by providing the relevant information.

Mirghani (1979:144-149) identifies and explains the importance of economic development in different categories, namely development planning, development programming,

development budgeting, and development finance. Proper planning is probably the most important aspect of economic development as the other aspects of economic development flow from the original planning. Thus Enthoven (1993:168-169) suggests the following contributions accounting can make to development planning:

- Definition, classification and the valuation of transactions, in particular the national and input/output accounts.
- Assessment of, and changes in, the components of input/output data, capital coefficients and shadow prices, the latter being the equilibrium or true factors of production.
- Uniform and standardized systems of industrial accounts that can assist in obtaining more comparable data.
- Up-to-date cost accounting procedures for cost benefit calculations at various sector levels.
- Estimating future financial results.
- Devising economic policies, measures and programs for example, taxation incentive provisions.
- Control and audit of a plan, and reporting its results.

Belkaoui (1994:21) suggests eight main roles accountancy may play in regard to the economic development of a country or region:

- (1) The skills and techniques associated with accountancy are essential to the development of commerce, industry, and public administration.
- (2) Economic development has at its base successful industrialization and efficient mobilization of capital. Accounting is a tool in evaluating both.
- (3) Accountancy produces reliable and timely information for the proper functioning of capital markets, and thus efficient allocation of scarce resources.
- (4) Accountancy information is essential to developing countries' governments. Governments need information for implementing public policy, controlling and regulating private enterprise, controlling economic cycles, measuring national income and collecting taxes.
- (5) Accountancy is vital for the emergence of a private domestic capital market, external public sources of capital and a capital market consisting of funds from international agencies.
- (6) Information from accountancy assists management in reaching operating decisions, control of subsidiaries and branches, personnel control, profit measurement, budgeting and forecasting.
- (7) Economic development depends on the efficient use of a country's resources. Development planning is a guide in the use of these resources.
- (8) Development planning needs to be supported by an adequate supply of information, which is the function of accountancy.

Chen (1987:508-510) also pinpoints the importance of accountancy in modern management, and maintains that progress in accountancy can improve the quality of management and management efficiency and effectiveness. He identifies management “before the event” (prior-management) and management “after the event” (post-management). Traditionally “after the event” has been emphasised in fields like financial accounting, cost accounting and financial auditing. Industrial development brought a new dimension to accountancy which requires rational decision-making before the actual event. Thus, management accounting, decision analysis, decision auditing, project evaluation and feasibility studies have become important in industrial development. Modern accountancy provides information for control — an absolute necessity in an industrialised society.

3.3 EDUCATION AND TRAINING OF ACCOUNTANTS IN DEVELOPING COUNTRIES

As established in the previous section, accountancy is important in the enhancement of economic development. Certainly if accountants are needed, more effort should be made to educate and train accountants to the required level of competence. According to writers like Dominquez (Society for International Development 1976:15) the status of accountants as viewed by society (in developing countries) is an obstacle. He writes:

Existing circumstances have caused accounting to be viewed as a second-rank profession in the developing countries. This attitude has created neither the resolve nor the enthusiasm needed to draw the most qualified candidates from the community into the study and practice of accounting (public and private). In short, circumstances have combined to work against the sound structuring of the accounting profession in the

developing countries. For many years, accountants have attached more importance to merely recording transactions than to the coherent, relevant, and useful exposition of the mass of data contained in such records.

Finding solutions for these problems is not easy. To address this a better link between social and practical demands and educational pursuits should be established. One of the suggestions to improve this situation is made by Nobes and Parker (1991:275):

An international association for accounting development should be established, especially to cater for the requirements of Third World countries in the areas of accounting education, training, research and clearing house activities. International and regional certification and coordination of educational programmes would also have to be considered, broken down by levels and areas of competency.

The Southern African region could only benefit if such a program were introduced in the region.

3.4 REASONS FOR FINANCIAL REPORTING DIFFERENCES

To understand the problems deriving from international differences in financial reporting practices better, it makes sense to establish and investigate the reasons why there are differences in the first place. Nobes and Parker (1991:11) identify seven possible factors that shaped differences in accountancy and, more specifically, differences in financial reporting. These factors are: legal systems, providers of finance, taxation, the accountancy profession, inflation, theory, and the accidents of history. It would be difficult to prove that these factors are in fact the factors that caused the differences, but a relationship can probably be

established and reasonable deductions made. These factors are discussed in the following sections.

3.4.1 Legal systems

The legal system in certain countries is based largely on codified Roman law as compiled by Justinian in the sixth century and developed by European universities from the twelfth century onwards. Such a system can be described as rules linked with ideas of justice and morality. The effect of this is that company law or commercial codes need to establish detailed rules for accountancy and financial reporting. In such cases the legislation relating to companies in a country actually prescribes exactly what should be disclosed and how. Examples of such countries are France, Italy, Germany, Spain, the Netherlands and Portugal.

Another way of establishing laws is a legal system that relies upon only a limited amount of statutory law, which is then interpreted by the courts of the country, building up large amounts of case law to supplement the statutes. This system of "common law" was formed in England mainly by post-Conquest judges acting on the monarch's behalf. A common law rule created in this way seeks an answer to a specific case rather than trying to formulate general rules for the future. Traditionally this has the effect on company law that a large number of detailed, all-embracing rules are not prescribed, but are rather established over time as a factor of judgements which are passed down. Countries falling under the English sphere of influence are the United States of America, Ireland, India, Australia, Canada and

New Zealand. The laws of a country like South Africa embody elements of both systems. (Nobes & Parker 1991:11-12.)

3.4.2 Providers of finance

The dominant types of business organisations and ownership differ from country to country. In Germany, for example, the banks in particular are important owners of companies and major providers of debt finance. In some public companies the majority of shares are owned by banks, and directors are nominated by these banks or, in some cases, by the state. In countries where many companies are controlled by banks, government or families, it is obvious that the need for published information is less clear. This is the case in many European countries.

In contrast, the English-speaking world relies more on shareholders from the public at large to provide finance for companies. A widespread ownership increases pressure for disclosure and information, as these shareholders do not have internal information on the company. These large numbers of outside owners require unbiased information about the success (profitability) of a business and its state of affairs. Outside shareholders are interested in comparing the current year with previous years, and also one company with another. Realism and prudence are therefore required, which entails a fair degree of judgment and, in turn, requires experts. This has resulted in countries like England and the United States of America, over a period of decades, requiring accountants to work out their own technical role.

As a “shareholder” group requires different information from a “bank/state/family” group, different information is provided in financial statements in different countries. (Nobes & Parker 1991:12-15.)

3.4.3 Taxation

In financial reporting the extent to which taxation regulations determine accounting measurements is important. For example, in the Netherlands, England and the United States of America the timing differences between taxation and accounting treatment resulted in the study and disclosure of deferred taxation. The problem of deferred taxation has given rise to a considerable amount of standard accounting documentation and also much controversy.

In contrast with this approach, in France and Germany this problem do not really exist as the taxation rules are in fact the accountancy rules to a large extent. Specifically in Germany (Pain & Blakemore 1997:13) the commercial accounts should be the same as the taxation accounts. In Germany they call this idea *Massgeblichkeitsprinzip*. Countries like France, Belgium, Italy, Spain and many others follow this principle.

In the other school followed in England, the Netherlands and the United States of America there was a more established tradition of published financial statements, and the commercial rules have taken precedence. In these countries the taxation authorities actually have to adjust the commercial financial statements for their own purpose, as only a minor influence was exerted on financial statements in the first place. Sometimes this is not as clear cut, for

example taxation advantages can be obtained in the United States of America by using the Last-In-First-Out (LIFO) inventory valuation, and thus a mixture of the systems is used. (Nobes & Parker 1991:15-17.)

3.4.4 The accounting profession

The accounting profession's strength, size and competence in a country are to a large extent the result of the various factors outlined above. For example, if there are few substantial shareholders and public companies, the need for accountants is also much smaller and more limited. The nature of the profession also relates to the type of accountancy that is practised and that could be practised. Educational requirements and definitions also vary from one country to another. These differences are to an extent diminishing as auditing is extended to many private companies in the European Community. An example of this is the 1975 Decree in Italy (but only brought into effect in the 1980s), requiring listed companies to have extended audits similar to those in England and the United States of America. This decree could only be brought into effect because of the substantial presence of international accounting firms. (Nobes & Parker 1991:18-19.)

3.4.5 Inflation

Some countries have experienced such overwhelming inflation that it could no longer be ignored. In several South American countries where inflation was uncontrollable, the most obvious feature of accounting practice is the use of methods of general price-level adjustments (inflation accounting). This is a relatively simple method and uses the fact that

there is a reasonable correlation of inflation with any specific price changes when inflation reaches hundreds of percent per year. This forms an integral part of financial reporting in these countries, while in countries where the problem is not that pressing, inflation and its effects are largely ignored. (Nobes & Parker 1991:19.)

3.4.6 Theory

In a country like the Netherlands accounting theory has influenced accounting practice. Theorists in this country have argued that the users of financial statements would be given the fairest view of the performance and state of affairs of an individual company by allowing accountants to select and present accounting figures based on and using good judgement. It has been suggested that replacement cost information might give superior information to just historical values. This has resulted in experimentation and the practice of replacement cost accounting with the emphasis on fairness through judgement. It seems that this is limited to a few cases where accounting theory has strongly influenced accounting practice. (Nobes & Parker 1991:19.)

3.4.7 Accidental development

The United States of America experienced an economic crisis in the early 1930s. In response the Securities and Exchange Acts were passed which diverted accounting in this country from its previous course by introducing extensive disclosure requirements and control of accounting standards. This shaping of accounting practices can probably only be described as accidental in nature. (Nobes & Parker 1991:20.)

3.5 THE NEED FOR INTERNATIONAL ACCOUNTANCY

Accountancy has been a vehicle for the facilitation of international business. Accountancy was carried from one country to another, from the Italian city-states in the fourteenth and fifteenth centuries, expanding the then international business (probably regional in contemporary terms), through the colonisation efforts of European countries in the eighteenth and nineteenth centuries, to the globalization of the twentieth century. Modern business practices made it necessary for international accountancy to develop as a fully-fledged area of practice. New environmental factors have been identified which enhance the specific subdiscipline of international accountancy. These factors are the global economy, the multinational corporation, and direct foreign investment. (Belkaoui 1994:1.) These factors are now investigated in more detail.

3.5.1 The global economy

In a global economy national boundaries lose their importance. They tend to become a line on a map and a mere inconvenience. Characteristics of a global economy include the following:

- (1) Firms from different nationalities form partnerships. In order to share in profit opportunities in a world market, they share material and labour costs and risks associated with product development. The influence of protectionism, government-imposed obstacles like tariffs, import limitations and regulations can be reduced by the formation of partnerships across national boundaries.

- (2) Internationalised capital markets are more in demand than ever. Evidence of increased globalisation is the increasing number of stock markets. These markets open at different times as they are situated in different time zones, allowing trade in stocks, bonds and currencies around the clock and around the world.
- (3) The rise of the global economy is also evident in the increase in commodity trade. Large trading blocks are formed, of which the European Community (EC), formed in 1957, is probably the best known. The North American Free Trade Agreement between the USA, Mexico and Canada is the world's largest trading bloc and was established as recently as 1992. (Belkaoui 1994:2.)

3.5.2 Multinational corporations and the role they play

The objective of corporations is to maximise shareholders' wealth, within certain constraints like environmental, regulatory and ethical constraints. By becoming multinational, corporations can exercise options that are otherwise not available. More specifically, the following options can be identified:

- (1) Location options - choosing locations that are best suited to enhance profits regardless of national boundaries.
- (2) Timing options - exploitation of possible exchange rate disparities.
- (3) Technology options - linking international cost disparities and flexible technologies to exploit short-term price changes.

- (4) Staging options - establishing a recognisable presence in foreign markets. (Belkaoui 1994:4-5.)

3.5.3 Direct foreign investment

Direct foreign investment involves the transfer of capital, managerial and technical assets of a firm from one country to another by the same firm. The overall reason is profit maximisation; specific aims include the following:

- A reduction in transport costs.
- A lack of domestic policy.
- Achievement of economies of scale in small-scale process technology.
- The avoidance of trade or customer-imposed restrictions.
- Following customers and competitors.
- Exploitation of differences in cost structures (costs of labour, capital and raw materials).
- Achievement of vertical integration.
- Assessment of production factors otherwise unobtainable.
- Exploitation of government investment incentives.
- Political motivations.
- Exploitation of a monopoly advantage.
- Stabilisation of sales and earnings. (Belkaoui 1994:6.)

3.6 HARMONISATION OF ACCOUNTANCY ON A WORLDWIDE BASIS

Accountancy has not always developed at a compatible rate or on the same basis in different countries or regions around the world. Rather each country tends to have its own basis of accounting. Taylor et al (1986:1) explain this phenomenon as follows: "Each nation's unique accounting rules and regulations mirror its culture and its economic, political, and legal systems. These national variations have led to a worldwide diversity in accounting standards."

3.6.1 The International Accounting Standards Committee in perspective

According to Samkin (1996:124) the first step in the development of international accounting standards was taken in 1966 with the formation of the Accounts International Study Group. It only involved three countries, namely the United States, Canada and England. Their aim was to undertake comparative studies in accounting, auditing and financial reporting in order to promote international harmonisation. Since these humble beginnings the International Accounting Standards Committee has grown tremendously in size and therefore also in influence. On 1 January 1995 this organisation's membership comprised 110 member bodies in 82 countries, representing over one million accountants from such diverse fields as commerce and industry, public practice, government and also academic institutions (Samkin 1996:125). A measure of its success is the number and great variety of international accounting statements already produced.

The following international accounting standards had been produced by 1998:

Table 3.1: International accounting standards produced by October 1998 (original effective date shown parenthetically)

IAS1	Presentation of Financial Statements (1 July 1998)
IAS2	Inventories (1 January 1976)
IAS3	Replaced by IAS 27.
IAS4	Depreciation (1 January 1977)
IAS5	Information to Be Disclosed in Financial Statements (1 July 1998)
IAS6	Replaced by IAS 15.
IAS7	Cash Flow Statements (1 July 1979)
IAS8	Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies (1 January 1979)
IAS9	Research and Development Costs (1 January 1980)
IAS10	Contingencies and Events Occurring after the Balance Sheet Date (1 January 1980)
IAS11	Construction Contracts (1 January 1980)
IAS12	Income Taxes (1 January 1998)
IAS13	Superseded by IAS 1.
IAS14	Segment Reporting (1 July 1998)
IAS15	Information Reflecting the Effects of Changing Prices (1 January 1983)
IAS16	Property, Plant and Equipment (1 January 1983)
IAS17	Leases (1 January 1999)
IAS18	Revenue (1 January 1984)
IAS19	Employee Benefits (1 January 1985)
IAS20	Accounting for Government Grants and Disclosure of Government Assistance (1 January 1984)
IAS21	The Effects of Changes in Foreign Rates (1 January 1985)
IAS22	Business Combinations (1 January 1985)

IAS23	Borrowing Costs (1 January 1986)
IAS24	Related Party Disclosures (1 January 1986)
IAS25	Accounting for Investments (1 January 1987)
IAS26	Accounting and Reporting of Retirement Benefit Plans (1 January 1988)
IAS27	Consolidated Financial Statements and Accounting for Investments in Subsidiaries (1 January 1990)
IAS28	Accounting for Investments in Associates (1 January 1990)
IAS29	Financial Reporting in Hyperinflationary Economies (1 January 1990)
IAS30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions (1 January 1991)
IAS31	Financial Reporting of Interests in Joint Ventures (1 January 1992)
IAS32	Financial Instruments: Disclosure and Presentation (1 January 1996)
IAS33	Earnings Per Share (1 January 1998)
IAS34	Interim Financial Reporting (1 January 1999)
IAS35	Discontinuing Operations (1 January 1999)
IAS36	Impairment of Assets (1 January 1999)
IAS37	Provisions, Contingent Liabilities and Contingent Assets (1 July 1999)
IAS38	Intangible Assets (1 July 1999)

Source: (International Accounting Standards Committee 1998:Home Page.)

There are also other role players apart from the International Accounting Standards Committee in the harmonisation process, both regional, national and international. A list of these organisations is reflected in Table 3.2.

Table 3.2: Participants in the international harmonisation process

- The United Nations (UN)
- The Organization for Economic Co-operation and Development (OECD)
- The European Community (EC)
- ASEAN Federation of Accountants (AFA)
- African Accounting Council (AAC)
- Union Européenne des Experts Comptables Économiques et Financiers (UEC)
- Associated Interamericana de Contabilidad (CAPA)
- Nordic Federation of Accountants (NFA)
- Association of Accountancy Bodies in West Africa (ABWA)
- American Accounting Association (AAA)
- Canadian Association of Academic Accountants (CAAA)
- European Accounting Association (EPA)
- Japan Accounting Association (JAA)
- Association of University Instructors in Accounting (AUIA)
- Financial Analysts Federations (FAF)
- Financial Executives Institute (FEI)
- Arab Society of Certified Accountants (ASCA)

Source: (Belkaoui 1994:66-69)

3.6.2 International Accounting Standards

Before an International Accounting Standard is issued a substantial development process takes place to ensure quality and acceptability. According to the International Accounting Standards Committee (1995:9-10) this process includes:

- (a) *the identification and review of all the accounting issues associated with the topic;*
- (b) *the consideration of the application of IASC's Framework for the Preparation and Presentation of Financial Statements to those issues;*

- (c) *the study of national and regional accounting requirements and practice, including the different accounting treatments that may be appropriate in different circumstances;*
- (d) *a detailed review by the staff and the project Steering Committee of the issues, national and regional accounting requirements and practice, and other relevant material;*
- (e) *a detailed review by the Board of the Steering Committee's recommendations;*
- (f) *consultation with the Consultative Group, Member Bodies, bodies responsible for setting standards and other interested groups and individuals on a worldwide basis;*
- (g) *public exposure of the Steering Committee's initial proposals in a Draft Statement of Principles;*
- (h) *public exposure of an Exposure Draft of the proposed International Accounting Standard; and*
- (I) *evaluation of the comments received on the Draft Statement of Principles and Exposure Draft.*

3.6.3 Comparability of financial statements

In order to make financial statements more comparable, the International Accounting Standards Committee decided in 1987 that the reduction or elimination of alternative accounting treatments should be given priority. In November 1993 10 revised International Accounting Standards were approved which completed this phase of the comparability and improvements project. (Nobes 1994:16.)

It is clear that if the international harmonisation process is to be successful, national interests and even regional interests, for example the interests of the Southern African region, should be subordinated or restrained.

3.6.4 South African corporate management's attitude to international harmonisation

Without a wide acceptance of the International Accounting Standards the harmonisation process is not viable in South Africa. Samkin (1996:314) came to the following conclusion regarding South African corporate managers' attitude:

South African corporate managers have accepted the issue of exposure drafts based on International Accounting Standards Committee statements of generally accepted accounting practice. This would suggest that the South African Institute of Chartered Accountants' Harmonisation and Improvement Project is supported by corporate management.

and

South African corporate managers are concerned with the increased disclosure requirements contained in the proposed statements. Although not specified by corporate managers, it would not be unreasonable to conclude that this concern is based on an increase in information production costs that will be incurred by companies.

Thus, even though South Africa's corporate management do accept the international harmonisation of accounting standards, their sometimes negative response is understandable

given that part of their function as management is the responsibility for reporting the financial position and financial results of the enterprise's operations. In order to achieve this, management select those accounting policies and disclosure levels necessary to maximise the wealth of the enterprise (Samkin 1996:312).

3.7 DIMENSIONS OF INTERNATIONAL ACCOUNTANCY

3.7.1 International annual reports

The needs of international information seekers have become much more complicated. Apart from the conventional information required in a standardised format, information is also required about diverse areas like political risks, foreign exchange effects and international performance. To satisfy the needs of international information seekers, the annual reports of multinational companies are usually more internationally orientated, sometimes including translations in another language, separate disclosure of the extent of international involvement, employee reporting, value added reporting, social responsibility reporting and other items to meet the requirements of a diverse readership. (Belkaoui 1994:14.)

3.7.2 Increased foreign stock listings

Firms may find it advantageous to list their stock on a foreign stock exchange to obtain financial, public relations, political and employee relations benefits. Each aspect is explained.

- (1) Financial benefits can be obtained because of a reduction in the cost of capital. Some capital market costs and risk structures are lower than others, for example transaction costs might be lower on some markets.
- (2) Public relations benefits can be obtained since better name recognition is achieved through wider stock exchange listings.
- (3) Political benefits can be achieved by complying with possible local ownership prescriptions.
- (4) Employee relations benefits can be obtained by implementing employee shareholder incentives, which would be impossible or difficult to implement without a stock listing in the specific country. (Biddle & Sandagaran 1991:70-71.)

3.7.3 The internationalisation of the accounting profession

Various international and regional accounting bodies have been established in the standards setting arena and there are various organisations attempting to harmonise accounting standards. Examples of these are the Accounting International Study Group (AISG), the International Accounting Standards Committee, the European Community (EC), the United Nations, the International Federation of Accountants, and the Union of European Accountants.

This worldwide growth in the internationalisation of the accounting profession can also be seen in the growing network of international firm partnerships and loose liaisons. A list of

such international firms is given below. Many of these firms are familiar names in South Africa. They are:

- (1) Arthur Anderson & Co.
- (2) Arthur Young & Co.
- (3) Coopers & Lybrand
- (4) Deloitte Haskins & Sells
- (5) Ernst & Whinney
- (6) Klynveld Main Goerdeler
- (7) Peat, Marwick, Mitchell & Co.
- (8) Price Waterhouse
- (9) Touche Ross & Co
- (10) Binder Dijker Otte & Co.
- (11) Fox Moore International
- (12) Grant Thornton International
- (13) Horwath & Horwath International. (Belkaoui 1994:13-18.)

3.8 THE INFLUENCE OF INTERNATIONALISATION OF ACCOUNTING STANDARDS ON SOUTH AFRICA

In 1993 a watershed decision was made when the Council of the South African Institute of Chartered Accountants approved the principle that statements of generally accepted

accounting practice be based on the International Accounting Standards Committee. Mockler (1993:3), in a letter to the members of the South African Institute of Chartered Accountants, gave details of this decision as follows:

Council formally resolved to adopt a policy of adapting international standards for use in South Africa rather than setting our own standards from scratch. This applies initially in the fields of accounting, auditing and ethics. It is envisaged that the international standards will be amended only to accommodate the requirements of South African law and tax.

At that point in South African history democratisation was well under way and international trade and investment sanctions, previously enforced against South Africa, were being lifted. It therefore made perfectly good sense to move towards internationalised accounting standards at that stage.

3.9 MAJOR ACCOUNTANCY MODELS

There are different models or ways to classify accountancy methods. A recent classification identifies four major systems of accounting in the world:

- (1) *A British-North American-Dutch model*, with an orientation towards the needs of investors and creditors.
- (2) *A Continental model*, where the focus shifts towards meeting government-imposed economic, tax or legal restrictions.

- (3) A *South American model*, mainly used in South America, with the emphasis on accounting for inflation, which is a major problem in this region.
- (4) An *international standards model* which is an emerging model focussing on compliance with accepted international financial accounting standards. (Belkaoui 1994:43.)

Significant for Southern Africa is that the following countries are all classified as belonging to the British-North American-Dutch model: Botswana, Lesotho, Malawi, South Africa, Swaziland, Zambia and Zimbabwe. At the same time on a worldwide basis very influential countries belong to this group, like the United States of America, Canada, United Kingdom, India and Australia. (Belkaoui 1994:47-51.)

3.10 SUMMARY

The world is moving towards harmonised, internationalised accounting standards. This is in effect a reflection of a globalised economy, with multinational corporations playing an increasingly important role and the growth in foreign direct investment. The accounting profession itself has had to move along with this trend and in the process a growing network of firm, international partnerships has been established. The internationalisation of accounting education can obviously not lag too far behind in this process of internationalisation. This could take the form of international accounting firms sending workers to other countries or workers themselves seeking employment in other countries

to gain experience otherwise not obtainable. In the Southern African subregion, apart from their close proximity, Botswana, Lesotho, Malawi, South Africa, Swaziland, Zambia and Zimbabwe practise accountancy based on the British-North American Dutch model. Therefore the basis on which accountancy is taught in these countries is the same. These factors give rise to the possibility of closer co-operation in accounting education in the Southern African region.

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CHAPTER FOUR

ACCOUNTANCY AS A PROFESSION IN THE COUNTRIES OF SOUTHERN AFRICA

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CHAPTER FOUR

ACCOUNTANCY AS A PROFESSION IN THE COUNTRIES OF SOUTHERN AFRICA

4.1 INTRODUCTION

The uniqueness of a profession is determined by the specific scientific knowledge possessed by its members at the theoretical and practical levels. This knowledge should be obtained by means of a formal educational process. A member of the accounting profession is expected to have mastered the subject matter of accountancy at an advanced level and to have an attitude of integrity and independence as well as an obligation to serve the public. (PAAB 1993:4/92.)

The Public Accountants and Auditors Board (PAAB 1993:4/92) established a profile of a chartered accountant and classified the services rendered under three headings, namely the attest function (audit services), the reporting function (accounting services) and the advisory function (advisory and fiduciary services). Each aspect is briefly explained:

The attest function (audit services)

- This involves the examination of financial statements with the objective of expressing an opinion on their fairness and compliance with the requirements of the applicable statutes, in accordance with generally accepted auditing standards.
- The audit of other reports and representations of a financial nature.

The reporting function (accounting services)

- External financial reporting. This involves the preparation of financial statements in accordance with generally accepted accounting practice, the applicable statutes and the implementation thereof.
- Internal financial reporting. This involves designing and operating internal accounting systems. The aim is to provide management with adequate information to enable them to plan, monitor and control their business.

The advisory function (advisory and fiduciary services)

- Taxation services. This involves the interpretation and application of tax laws. Usually there is a focus on the possibilities of tax planning and the consequential saving in tax charges.
- Management advisory services. This involves the provision of support to management, usually in relation to financial decision making within the enterprise. This can cover a wide spectrum of diverse services, including those relating to

planning, control, cost accounting, financial management, reporting and data processing.

- Other services. This category includes a wide spectrum of services and can cover diverse services such as special investigations, valuations, secretarial services, trusteeships, planning and administration of estates and judicial management.

Most countries in Southern Africa have established professional accounting bodies. South Africa already has some form of agreement or understanding with some of these bodies regarding the right to practise in their countries. Other countries, notably Angola and Mozambique, have not really elected to establish professional accountancy bodies, but have instead allowed the profession to be controlled by government.

4.2 ANGOLA

4.2.1 General background

There is no professional body of accountants in Angola. Therefore no-one is responsible for the training and education of accountants. It is therefore extremely difficult, if not impossible, to obtain any information on the status of an accountancy profession in this country or any possible progress with its establishment. (UN 1991:68-69.)

4.2.2 Education

Training of accountants is provided up to the level of technician at two institutions, namely the Karl Marx Institute in Luanda and the Friedrich Engels Institute in Lubango. At these institutions two full-time courses are offered: the Medium Accounting Course, of which the duration is four years and the General Accounting Course, which takes two years. It would appear that teaching staff and facilities are inadequate and only a few students enrol for these courses. (UN 1991:68-69.)

4.2.3 Practical training

Some training is provided in the ministries and in the National Bank of Angola. It is not known whether any training is available in the private sector. (UN 1991:68-69.)

4.2.4 Barriers to co-operation with Angola

Firstly, the fact that the official language in Angola is Portuguese instead of English places a practical barrier in the way of co-operation between Angola and the other countries of Southern Africa. Secondly, the civil war in Angola has retarded economic development severely and there is no workable solution in sight.

4.3 THE BOTSWANA INSTITUTE OF ACCOUNTANTS

4.3.1 General background

The President

The Botswana Institute of Accountants

Private Bag 00319

GABORONE

Botswana

Telephone: (09267) 305813 or 353062

In terms of the Accountants' Act 16 of 1988 a person may only practise as a public accountant in Botswana if he/she has been admitted as a member of the Botswana Institute, has obtained a practising certificate from the Council of the Botswana Institute and is also resident in Botswana. It must be noted that a person is considered a resident if he/she has an office or place of business in Botswana. The practising certificate should be renewed annually. This Act came into effect on 2 July 1990. (PAAB 1997a: G-22.)

4.3.2 Classes of membership

There are four classes of membership, each with its own educational and practical requirements, which are highlighted in the next section. The classes of membership are:

- (1) **Licentiate.** This is the lowest level. Two years of relevant experience in Accounting or Auditing are required.

- (2) **Registered.** Three years of relevant experience in Accounting or Auditing are required.
- (3) **Associate.**
- (4) **Fellow.** This is the highest level.(Barrett 1996a:4.)

The total membership of the Botswana Institute of Accountants in 1994 comprised 566 members (Barrett 1996a:5).

4.3.3 Education

The Botswana Institute of Accountants does not conduct any examinations but has a number of schemes whereby students may sit the examinations of certain recognised bodies.

These schemes are discussed with reference to the following classes of membership:

- (1) **Licentiate:** The educational requirements are either a BCom or a BA (Accounting) degree from the University of Botswana, or the examination of one of the following bodies in the United Kingdom: the examination of the Association of Accounting Technicians (AAT) or the initial examinations of the Association of Chartered Corporate Accountants (ACCA) or the Chartered Institute of Management Accountants (CIMA), Stage One.
- (2) **Registered:** The educational requirements are that you should have passed the final of the Association of Chartered Corporate Accountants (ACCA). These examinations comprise sixteen papers, some of which specifically test the relevant Laws and Practices of the United Kingdom. Alternatively, candidates may sit the

examinations of the Chartered Institute of Management Accountants (CIMA) and CISA or of any IFAC/IASC member body.

- (3) **Associate:** An associate member of any one of the accounting bodies recognised by IFAC/IASC. No additional examinations need to be passed above the registered level.
- (4) **Fellow:** An associate member of more than five years' standing of any one of the accountancy bodies recognised by IFAC/IASC. Again, no additional examinations are necessary above the registered level. (Barrett 1996a:8-9.)

In 1990 the Botswana Centre for Accounting Studies (BCAS) was established with the intention of promoting accountancy knowledge among the citizens of Botswana. Courses provide full-time and part-time tuition in courses for the Association of Chartered Corporate Accountants (ACCA) examinations, courses for the examinations of the Chartered Institute of Management Accountants (CIMA) and the Association of Accounting Technicians (AAT). The Botswana Institute of Administration and Commerce also offers tuition for the Association of Chartered Corporate Accountants (ACCA) examinations. Another role player in education is the University of Botswana, which awards a Diploma in Accountancy and Business Studies. (Barrett 1996a:9-10.)

4.3.4 Practical training

At the Licentiate and the Registered levels specified periods of relevant experience have to be gained prior to admission to membership at these levels. The Botswana Institute of

Accountants requires applicants for membership to state what relevant experience they have had. The Botswana Institute of Accountants then verifies the applicant's claim regarding practical experience and checks that it is in accordance with requirements for membership.

The experience requirement for each category is as follows:

- (1) **Licentiate.** A period of two years of relevant experience in accounting or auditing is required.
- (2) **Registered.** A period of three years of relevant experience in accounting or auditing is required.
- (3) **Associate.** No further experience is required.
- (4) **Fellow.** No further experience is required.

(Barrett 1996a:10-11.)

4.3.5 Membership

Members of all accountancy bodies which are members of the International Federation of Accountants/IASC are eligible for membership of the Botswana Institute of Accountants without any further examination. However, if a practising certificate is to be obtained, examinations in Botswana Taxation and Company Law must be successfully completed by the applicant. (Barrett 1996a:11.)

4.4 LESOTHO INSTITUTE OF ACCOUNTANTS

4.4.1 General background

The Registrar

Lesotho Institute of Accountants

P O Box 1256

MASERU 100

Lesotho

Telephone : (09266) 31 2115

Membership of the South African Institute of Chartered Accountants is a very highly regarded qualification for all accountants practising in Lesotho. The Accountants' Act of 1977 as amended by the Accountants' Amendment Act of 1984 regulates the profession in Lesotho. It should also be noted that a chartered accountant practising in Lesotho must be resident in Lesotho or be a partner in a firm of chartered accountants registered in Lesotho in which not less than one partner is resident in Lesotho. A specific peculiarity is a provision that a person practising in Lesotho should employ Basotho staff, although no minimum requirement is specified. It is further noteworthy that the Lesotho Institute will only admit two members of the South African Institute as members of its body per year. (PAAB 1997a:G-21.)

The Lesotho Institute of Accountants is responsible in terms of the above legislation for the following:

- the maintenance of a register of members
- the determination of eligibility for admission to membership of the Institute
- the provision of education and training programmes
- the conduct of examinations
- the regulation of the professional activities and conduct of its members.

(Barrett 1996b:2.)

4.4.2 Classes of membership

The Lesotho Institute of Accountants has three main categories of membership. These three categories are subdivided into two further categories, depending upon the specific occupational setting: The classification is as follows:

- (1) **Licensed Accountant:** - In practice
- In other occupations
- (2) **Registered Accountant:** - In practice
- In other occupations
- (3) **Chartered Accountant:** - In practice
- In other occupations

(Barrett 1994b: 3)

4.4.3 Education

The Lesotho Institute of Accountants operates an examination structure which is based upon the classes of membership. The system is fully integrated and students can move from one level to the next by complying with the educational requirements for the next level.

The structure of the professional examinations of the Lesotho Institute of Accountants is as follows:

Licensed Accountant

Part I	Financial Accounting
	Costing
	Business organisation
	Law
	Mathematics
Part II	Financial Accounting
	Costing
	Taxation
	Auditing

Registered Accountant

Part I	Auditing
	Management Accounting
	Financial Accounting
	Law

Part II **Financial Accounting**
Management Accounting
Financial Management

Chartered Accountant

Auditing
Financial Accounting
Financial Management
Taxation

Since 1990 the Lesotho Institute of Accountants (LIA) has orchestrated an examination which has been conducted, with some assistance from the ACCA, through the normal ACCA examination system. For that section of the examination which was not part of the ACCA examinations, the services of members of the South African Institute of Chartered Accountants who are active in educational affairs were used for both setting and moderating the papers.

The Centre for Accounting Studies was established in 1979 and it provides tuition specifically aimed at the LIA examination. Tuition on a full-time basis is provided only for Part I of the Licensed Accountant examinations, and tuition for all the other examinations is provided on a part-time basis at the different levels.

The National University of Lesotho offers both a BCom and a BA degree with the option of majoring in accountancy. Graduates who have obtained either of these degrees are exempted from writing Part I of the Licensed Accountants' examinations. (Barrett 1996b:7-9.)

4.4.4 Practical training

The practical training requirements vary, depending on the class of membership registered for and depending further on whether the candidate for registration is in practice or in another occupation. The requirements are as follows, depending on the class of membership and the occupation:

Licensed accountant

In other occupations:

Two years' practical experience in one or more of the following areas: Accounting, management accounting, management information system, auditing and taxation.

In practice:

Two years of practical experience, of which at least one year should be in the office of a practising accountant. If experience has not been gained in the office of a practising accountant, then a period of five years of relevant experience is required, with at least one year in a position of responsibility which requires the candidate to exercise professional accountancy skills.

Registered accountant

In other occupations:

Four years' practical experience in one or more of the following areas:

Accounting, management accounting, management information systems, auditing and taxation.

In practice:

Four years of practical experience, of which at least two years should have been in the office of a practising accountant and one should have been as an audit supervisor, or in a post of similar seniority. If this experience was not gained in the office of a practising accountant, then a period of ten years of relevant experience is required, at least three years of which must have been in a position of responsibility requiring the exercise of professional accountancy skills.

Chartered accountant

In other occupations:

Five years' practical experience in one or more of the following areas:

Accounting, management accounting, management information systems, auditing and taxation.

In practice:

Five years of practical experience, of which at least three years should be spent in the office of a practising accountant and one year as an audit manager, or in a

post of similar seniority in a practising firm after having been admitted as a Chartered Accountant.

It should also be noted that students are required to maintain a record of their experience and training which should be signed by their employer and which must be filed with the Lesotho Institute of Accountants on an annual basis. (Barrett 1996b:9-11.)

4.4.5 Membership

Once the requirements regarding formal qualifications and practical training have been met, a person can be admitted as a member of the Lesotho Institute of Accountants. Furthermore, the Lesotho Institute of Accountants also recognises certain professional qualifications as entitling their holders to apply for membership of the Lesotho Institute of Accountants. These are the qualifications granted by the following bodies:

The Institute of Chartered Accountants in Scotland

The Institute of Chartered Accountants in England and Wales

The Institute of Chartered Accountants in Ireland

Association of Chartered Certified Accountants (UK)

The Chartered Institute of Public Accountants (United States of America)

The Chartered Institute of Public Accountants (Kenya)

The holders of any of these qualifications may be required to take a conversion test if they wish to register as a member in practice. (Barrett 1996b:11-12.)

4.5 THE SOCIETY OF ACCOUNTANTS IN MALAWI

4.5.1 General background

The Society of Accountants in Malawi

P O Box 1

BLANTYRE

Telephone : (09265) 624768

The Society of Accountants in Malawi has been recognised since 1981 as the sole representative body of professional accountants in Malawi. Monitoring and complementing the work of the Society of Accountants in Malawi are two statutory bodies, namely the Malawi Accountants Board and the Public Accountants Examination Council. These were established in terms of the Public Accountants and Auditors Act of 1981. Their original purpose was to enhance the status and integrity of the accountancy profession in Malawi. (Barrett 1996c:2.)

In general, the accounting and auditing standards and guidelines of the International Federation of Accountants (IFAC) were adapted for local conditions by the Society of Accountants in Malawi (Barrett 1996c:3).

4.5.2 Classes of membership

The Society of Accountants in Malawi has three classes of membership, each with its own educational and practical requirements which are highlighted in the next section. The classes of membership are:

- (1) Diplomate members
- (2) Full members
- (3) Practising members (the highest level).

(Barrett 1996c:4.)

4.5.3 Education

The Public Accountants Examination Council of Malawi is responsible for setting examinations at the various levels.

- (1) **Diplomate member:** Examinations are set and marked locally in Malawi but are moderated externally by the United Kingdom Association of Certified Accountants. These examinations are based on Malawian Law and Taxation. Many students regard these examinations mainly as a stepping stone to enable them to improve their skills or use this as an access route to full membership of the Society of Accountants in Malawi when their school-leaving certificate does not meet University or technician programme entry requirements. (Barrett 1996c:11.)
- (2) **Full members:** The Public Accountants Examination Council of Malawi operates a joint examination scheme with the Association of Certified Accountants of the United Kingdom. The structure of this joint examination has been designed to:

- assist students' learning and understanding
- cultivate an appreciation by students of the development and interdependence of subjects

To attain these objectives, the examinations have been structured in three stages:

Foundation stage. This stage introduces students to the economic and organisational framework. It concentrates on the theory and techniques which form the foundation of the practical approach adopted in the later stages.

Certificate stage. This second stage builds on the introduction to key subject areas, develops students' analytical skills and introduces students to the problems and situations that they will encounter at work.

Professional stage. This last stage has two aims: it determines whether students have mastered all the essential techniques which the job of an accountant comprises and it ensures that students are able to apply their skills and knowledge in a managerial context. (Barrett 1996c:13-14.)

- (3) **Practising members:** In addition to the examination students are required to pass for the previous stage (full membership), a supplementary paper in Malawian Law and Taxation is required. (Barrett 1996c:13.)

There are also certain educational establishments in Malawi which offer a basic general accounting education, leading up to a final stage of a full accounting qualification. These institutions are the following:

(1) The Malawi College of Accountancy

With assistance from the United Nations Development Programme and the International Labour Organisation, the Malawi College of Accountancy was established in 1979. The College offers a wide range of accountancy-related programmes from introductory programmes to the programmes that comprise the final stage of accountancy education. (Barrett 1996c:21.)

(2) The University of Malawi

The most applicable degree offered is the Bachelor of Accountancy degree, which spans a four-year period. The following fourth-year subjects provide an indication of the work actually covered:

Auditing 2

Financial Accounting 4

Management Accounting 2

Management Principles and Practices

Taxation 2

4.5.4 Practical training

The Public Accountants and Auditors Act stipulates that only service under a training contract registered through the Society of Accountants in Malawi will be recognised. Furthermore, the principal in terms of a training contract of this nature must obtain the consent of the Society of Accountants in Malawi to engage registered trainees under registered training contracts. Consent will only be granted where it can be shown that the

trainee will receive the personal supervision of a Certified Public Accountant or alternatively supervision to the satisfaction of the Society of Accountants in Malawi. Practical experience means work actually performed by the student, work in which he has assisted, or work which he has supervised. A log book must be kept which discloses the degree of actual personal responsibility for each job performed, for example, performing the task, assisting with the task or supervising the task. Teaching or lecturing is not acceptable as constituting practical experience of accountancy for the purposes of an application for membership. (Barrett 1996c:16-17.)

The Society of Accountants in Malawi is of the opinion that work experience should fulfil four objectives:

- (1) It should reinforce technical education by providing the opportunity to apply previously learnt theory. An extensive variation in work experience is therefore desirable, but it is impractical to require work experience in all areas, and furthermore it is not essential for the future work of individual Public Accountants that they should be able to recall and apply technical knowledge across the full range of work undertaken by the accounting profession.
- (2) Work experience should develop technical working skills that can be applied to a variety of future situations; in this respect depth of experience is important to ensure that the newly qualified accountant is able not only to analyse and resolve problems in areas of existing knowledge, but also to readily apply comparable expertise in new areas.

- (3) It should exercise and develop the personal skills and attributes of judgment, initiative, objectivity, commercial sense, administrative ability, the motivation and control of others, and the all-important skills of communication. All these things add up to the ability to operate effectively in a business environment.
- (4) Work experience must involve responsibility for the preparation of final accounts for audit. (Barrett 1996c:16-17.)

The actual period of experience required is as follows:

Diplomate members: Two hundred and fifty days (exclusive of days' leave or absence)

Full members: Five hundred days (exclusive of days' leave or absence)

Practising members: Thirty months of post-qualification experience in a practising firm.

(Barrett 1996c:17-20.)

4.5.5 Membership

Each applicant for a certificate entitling him or her to practise is assessed by the Society of Accountants in Malawi on an individual basis, taking into consideration the educational and practical requirements as set out in the above sections. From 1 January 1994 there is the further requirement that all holders of foreign qualifications must write conversion examinations in Malawian Law and Taxation. (Barrett 1996c:20.)

The Articles of Association of the Society of Accountants in Malawi provide that any person who is a member of the following organisations in good standing will be eligible to

be a full member of the Society of Accountants in Malawi and applications from holders of other qualifications are considered on an individual basis as the need arises. These organisations are:

- (1) The Institute of Chartered Accountants in Scotland
- (2) The Institute of Chartered Accountants in Ireland
- (3) The Institute of Chartered Accountants in England and Wales
- (4) The Zimbabwe Institute of Chartered Accountants
- (5) The South African Institute of Chartered Accountants
- (6) The Chartered Association of Certified Accountants
- (7) The Chartered Institute of Management Accountants
- (8) The Chartered Institute of Public Finance and Accountancy

(Barrett 1996c:27.)

4.6 MOZAMBIQUE

4.6.1 General background

There is no professional body of accountants in Mozambique. Therefore, no-one is responsible for the training and education of accountants. It is extremely difficult, if not impossible, to obtain any information on the status and possible progress made in the establishment of an accountancy profession in this country. (UN 1991:141-143.)

4.6.2 Education

Training of accountants is provided at the Commercial Institute at Maputo. This institute offers course at the accounting technician level, and teacher training. The technical schools offer basic bookkeeping courses. Even though it appears that the Government does pay a fair amount of attention to the training of accountants, the education system experiences difficulties owing to a lack of experienced teachers and poor facilities. (UN 1991:141.)

4.6.3 Practical training

Some training is provided by the National Bank of Mozambique. This is done in co-operation with the national banks of other Portuguese-speaking African countries like Angola, Cape Verde, Guinea-Bissau and Sao Tome. (UN 1991:142.)

4.6.4 Barriers to co-operation with Mozambique

Firstly the fact that the official language in Mozambique is Portuguese and not English imposes a practical barrier between Mozambique and the other countries of southern Africa. Secondly, the long civil war in Mozambique has oppressed economic development severely, which has resulted in a lack of teaching staff and in inadequate facilities. Even though the civil war has ended, it will probably take years before the economy of Mozambique can be rebuilt to a reasonable level.

4.7 PUBLIC ACCOUNTANTS' AND AUDITORS' BOARD OF NAMIBIA

4.7.1 General background

Public Accountants' and Auditors' Board of Namibia

P O Box 21459

WINDHOEK

Namibia

Telephone: (0926461) 220218

In Namibia the accountancy profession is governed by the Namibean Public Accountants' and Auditors' Act of 1991. This Act established the Public Accountants' and Auditors' Board as the regulatory body for accountants in public practice. The Public Accountants' and Auditors' Board is responsible for the following:

- (1) The registration of Public Accountants and Auditors, and those working under training contracts.
- (2) The regulation of the activities and conduct of those who are registered.
- (3) The examination and training of aspirant Registered Accountants and Auditors.
- (4) The choice of qualifications which could entitle their holders to exemption from the requirements of the Public Accountants' and Auditors' Board.
- (5) Assisting in the provision of educational facilities for aspirant Registered Accountants and Auditors.

It is interesting to note that members of the Board of Public Accountants and Auditors can be appointed by the Minister from any body representing accountants and auditors from any of the neighbouring states.

The Act also confers legal recognition on the Institute of Chartered Accountants of Namibia. (Barrett 1996d:2-3.)

Members of the Institute of Chartered Accountants in South Africa are recognised by the Namibian Institute, and may become members of the Namibian Institute on application. It should be noted that a member of the South African Institute of Chartered Accountants who qualifies for registration with the South African Public Accountants' and Auditors' Board and who is not resident in Namibia may only practise as a non-resident practitioner (after registration with the Namibian Public Accountants' and Auditors' Board) and in partnership with persons who are resident in Namibia. The non-resident partners may not exceed fifty percent of the total number of partners in the Namibian firm. (PAAB 1997a:G-23.)

4.7.2 Classes of membership

Currently, membership is limited to fully fledged Chartered Accountants. It is planned to broaden the membership base of the Institute by introducing two additional levels of membership at the semi-professional and technical levels. These planned changes are being

held in abeyance, in expectation of changes in the profession in South Africa. (Barrett 1996d:4.)

The total membership of the Institute of Chartered Accountants of Namibia in 1996 comprised 107 members (Barrett 1996d:4).

4.7.3 Education

The Public Accountants' and Auditors' Board of Namibia has entered into an agreement with the Public Accountants' and Auditors' Board of South Africa whereby Namibian students write the South Africa examinations. No specific coverage of Namibian taxation and company law is thus included. These papers are set and marked in South Africa. The preconditions are therefore also exactly the same as in South Africa. A student should therefore possess a certificate in the Theory of Accounting, obtained at one of the accredited South African universities.

In Namibia itself the University of Namibia offers a three-year Bachelor of Commerce degree. This University does not offer post-graduate degrees in the accountancy field at this stage. Namibians are therefore forced to study for the honours degree and the Certificate in the Theory of Accounting at a South African university. Many students study by means of a distance education course at the University of South Africa - an accredited university in terms of South African regulations. (Barrett 1996d:4.)

4.7.4 Practical training

The practical experience requirements differ, depending how far a candidate has progressed with his or her studies. In the case of students who have already obtained a relevant Bachelor's degree, a three-year period is required. Where studies are conducted on a part-time basis, a five-year period of practical training is required. During this practical period experience must be gained in stated relevant areas and the trainee is contractually bound to a specified member. This training is monitored every six months by means of a review which details the professional areas in which the trainee has gained experience. A copy of this review must be lodged with the Public Accountants' and Auditors' Board. (Barrett 1996d:7.)

4.7.5 Membership

Once the relevant examinations and practical experience requirements have been met, candidates can apply to the Public Accountants' and Auditors' Board for membership in terms of the Public Accountants' and Auditors' Act of 1991. Certain professional accountancy qualifications from other countries are accepted, and candidates who hold these qualifications from certain bodies are exempted from examination should they wish to register as Public Accountants or Auditors within Namibia. These are:

- (1) The South African Institute of Chartered Accountants. It should be noted that a conversion examination in South African Law and Taxation is not necessary, whereas for the following qualifications, a conversion examination is required:
- (2). I C A E W

- (3) I C A S
 - (4) I C A I
 - (5) Certified Public Accountant (United States of America).
- (Barrett 1996d:8.)

4.8 PUBLIC ACCOUNTANTS' AND AUDITORS' BOARD OF SOUTH AFRICA

4.8.1 General background

Street address: Maneo, 7 Ernest Oppenheimer Drive, Bruma

Postal address: P O Box 59873, Kengray, 2100

Telephone number: (011) 622-8533

Fax number: (011) 622-4029

The Board is the statutory body controlling that part of the profession involved with public accountancy in the Republic of South Africa. The basic purpose is to protect the financial interests of the people of South Africa and other stakeholders, through services rendered by registered accountants and auditors. (PAAB 1997a:2-3.) The Public Accountants' and Auditors' Board functions by virtue of the Public Accountants' and Auditors' Act 80 of 1991 although it was established as far back as 1951 with the introduction of the Public Accountants' and Auditors' Act 51 of 1951. This establishment is consistently updated and refined by consequent legislation and updates. (PAAB 1997a:3/5-3/6.)

Table 4.1: Accountants and auditors registered with the Public Accountants' and Auditors'

Board of South Africa

	1998	1997	1996
Number of resident accountants and auditors at 31 December	4 339	4 375	4 359
Number of non-resident accountants and auditors at 31 December	37	46	48
Number of trainee accountants registered with the board at 31 December	7 780	7 495	6 818

Source: (PAAB 1998:15.)

Much is being done to ensure the continued training and education of accountants in South Africa. A number of committees have been established to ensure this. Some of these committees are:

- Curriculum committee
- S A Journal of Accounting Research editorial board
- Training requirements committee
- National education fund committee

(PAAB 1996:6-7.)

4.8.2 Education

According to The Education Requirements of the Public Accountants' and Auditors' Board, 1993, any education policy must prescribe the following:

- the standard of general education for a student enrolled for education that will eventually lead to a professional qualification
- the theoretical content of professional studies and examinations
- the standards of examinations leading to qualification
- the practical experience requirements

(PAAB 1993:5/92.)

To achieve the above a system was established in terms of which a prospective chartered accountant is able to successfully complete an educational programme approved by the Board at a university participating in the scheme. Practical requirements are further prescribed by the Board, and these will be discussed in the next paragraph. A minimum standard is assured by requiring candidates to pass a qualifying examination. It is specifically stated that the Board will actively monitor and continuously evaluate the standard of all approved university programmes. (PAAB 1993:6/92.)

A Certificate in the Theory of Accountancy or equivalent (a four-year course) which has been approved by the Board at one of the following universities is a pre-requisite for entrance to the qualifying examination:

Potchefstroom University for Christian Higher Education

Rand Afrikaans University

Rhodes University

University of Cape Town

University of Durban-Westville

University of Natal-Durban

University of Natal-Pietermaritzburg

University of the Free State

University of Port Elizabeth

University of Pretoria

University of South Africa

University of Stellenbosch

University of Transkei

University of the Western Cape

University of the Witwatersrand

(PAAB 1997a:5-11.)

Once the above prerequisites have been attained, the qualifying examination must be written. This examination consists of two parts and the syllabus for this examination covers the following:

Part 1

The objective of this part of the examination is to establish, insofar as it is possible to do so in a written examination, whether candidates are able to apply the concepts and principles underpinning the defined field of study to the problems arising within the relevant practical domain. Part 1 consists of two papers and the body of knowledge to be examined will be the current ERCOM syllabuses on the following:

- Financial accounting
- Managerial accounting and financial management
- Taxation
- The appropriate components of the supporting subjects
- The appropriate components of the Business Information Systems syllabus

(PAAB 1997a:5/3-5/4.)

Part 2

The objective of this part of the examination is to establish whether candidates have the ability to apply the knowledge of the material incorporated in the defined field of study for this examination. That is to say, whether they have the ability to apply this knowledge in a professional manner to situations of a nature likely to be encountered in the everyday work of entry level accountants engaged in public practice. A broad background knowledge of the economic, legal and business environment in which the professional accountant functions is therefore required.

This part consists of one paper which will be set on the current ERCOM syllabus for the following courses:

- Auditing;
 - The appropriate components of the supporting subjects
 - The appropriate components of the business information systems syllabus
 - The practical application of the concepts and principles of the other core courses
- which are examined in Part 1 within an auditing context

Currently, many questions take the form of mini case-study type questions, simulating practical environments as far as it is practical to do so in a written examination.

(PAAB 1997a:5-4.)

4.8.3 Practical training

4.8.3.1 *Period of training contract and required hours of work attendance*

The basic term of a training contract, and the required minimum hours of work attendance and minimum hours of core experience, at commencement of the training contract are as follows:

	Basic term of contract (months)	Minimum hours of work attendance	Minimum hours of core experience
For the holder of a CTA and the holder of a degree (including non-relevant degree)	36	4 500	3 600
For the holder of a matriculation exemption certificate	60	7 500	6 000

A training contract will be completed only when the required minimum hours of work have been completed. (PAAB 1997a:4/11-4/12.)

4.8.3.2 *Accreditation as a training office*

Training can only take place at a firm that is accredited as a training office. No firm may misrepresent itself to a prospective trainee accountant as an accredited training office.

Transgression of this regulation will be regarded as unprofessional conduct. The following rules govern accreditation as a training office:

- (1) Application for accreditation as a training office shall be made on the prescribed form.
- (2) The Board is empowered to withhold or withdraw accreditation as a training office.
- (3) To be eligible for accreditation as a training office, at least one resident practitioner of the office shall be a registered accountant.

4.8.4 Membership

Registration of accountants and auditors is governed by the Public Accountants' and Auditors' Act, Act 80 of 1991. Section 15(1) of this act states that any person who desires to be registered as an accountant and auditor shall lodge an application with the board in writing for such registration accompanied by the prescribed fee and such information as the board may require. The Board must satisfy itself, in terms of section 15(2) of the Act, of the following before the applicant will be issued with a certificate of registration:

- (1) The person is not less than 21 years of age and is ordinarily resident in the Republic of South Africa.
- (2) The person has served under a training contract for the prescribed period and passed the prescribed examinations.
- (3) The person has the necessary expertise to practise as an accountant and auditor in a case where a period of more than five years has elapsed between the date of passing of the prescribed examinations and the date of the application.

- (4) The candidate is a fit and proper person to be registered as an accountant and auditor.

4.8.5 Arrangements regarding other countries

In South Africa arrangements regarding recognition of training in other countries are divided into several sections, namely the recognition of practical training in neighbouring states, criteria for the recognition of foreign practical training and special examination in the law of the Republic of South Africa.

4.8.5.1 Recognition of practical training in certain neighbouring states

The Board may approve applications from South African firms to transfer specific trainees to offices of these firms in Botswana, Swaziland, Lesotho or Mozambique, subject to the following criteria:

- (1) The partners of the foreign office must submit to the Board's training regulations and accept the Board's jurisdiction in respect of such trainees.
- (2) The foreign office must qualify for accreditation as a training office in terms of the regulations for accreditation.
- (3) At least one partner of the foreign office must be registered with the Board as an accountant and auditor and must qualify for registration as a training officer.
- (4) A trainee of this kind should preferably be a South African citizen or resident and must complete a reasonable proportion of the training at a South African training office. (Act 80 1991:section 32.1.)

4.8.5.2 Criteria for the recognition of foreign practical training

As a general rule, a person's foreign training should at least be equivalent to the training that would have been required in South Africa, before accreditation of such foreign training can be granted. Foreign practical training can be partially or fully accredited for purposes of the Board's training requirements, each case to be considered on merit, in the following circumstances:

- (1) The applicant must be in possession of a professional accounting qualification recognised by the Board.
- (2) The applicant must be a member in good standing of a recognised professional accounting body in the country of origin.
- (3) The applicant must hold a certificate entitling him or her to practise in the country of origin.
- (4) The applicant must be permanently resident in South Africa. (Act 80 1991: Annexure 1.)

4.8.5.3 Foreign exemption from passing examinations

In Act 80 of 1991 section 19(5) it is stated that the Board may exempt a candidate from the obligation to pass any of the prescribed examinations, if:

- (1) such person has passed any examination prescribed or approved by the Board outside the Republic of South Africa; or

(2) such person has obtained a degree, other than an honorary degree, or a university diploma or a university certificate prescribed or approved by the Board: Provided that:

- Such person must pass such examination in the law of the Republic of South Africa as the Board may determine;
- Such person must furnish proof that he/she is a permanent resident of the Republic of South Africa;
- Exemption shall only be given in respect of such part or parts of the examinations as the Board may deem fit.

4.8.5.4 Special examination in the law of the Republic of South Africa

This examination shall consist of four papers, namely one paper in each of the following:

- (1) Mercantile Law
- (2) Company Tax
- (3) Income Tax Law
- (4) Accounting and Auditing - South African disclosure, practice and conduct requirements.(PAAB 1997a:5/12.)

It must be noted here that, as indicated in chapter 3, South Africa has adopted a policy of adopting international accounting and auditing standards.

4.8.6 The FAESA project

This project looks at the current structure of the accounting profession in South Africa with the aim of unifying and co-ordinating the registered accountancy profession in South Africa. The aim is to create a structure that will make accountancy as a profession accessible to all persons who have the desire and ability to become an accountant, representative of the whole population of South Africa. (PAAB 1997b:3.)

Currently the accountancy profession in South Africa is made up of fifteen different accounting institutes, including the Public Accountants' and Auditors Board and the Board of Municipal Accountants. These two boards are the only two statutory bodies in the profession. In total these fifteen institutes represent around thirty thousand people, operating both formally and informally at various levels of the accounting profession. This project envisages the establishment of a single umbrella body which would be responsible for the accountancy profession. Certain criteria were set so that the fundamental question of education and training could be addressed, and the following pertinent issues were identified:

- **Access**

The accounting profession should be accessible to all sectors of the South African population in the broadest sense possible.

- **Mobility**

Once a person has qualified at a particular level (tier) within the profession, it should be possible to gain access to the education and training programme on the next level.

- **Standards**

Standards should be appropriate to the needs of South Africa. If South Africa is to prosper, it must be competitive and must trade internationally. Therefore, standards must compare favourably with those of international competitors and trading partners, but on the other hand the phenomenon of over-qualification for the provision of lower level accounting services should be avoided.

- **The diverse profession**

The accounting profession in South Africa is very diverse, with many professional organisations and educational institutions offering education, training programmes and registration. If this diversity were to be co-ordinated, it could be a strong point.

- **The unique circumstances of South Africa**

The economy of South Africa exhibits characteristics of the highly industrialised, economically sophisticated countries of the world, as well as those of developing nations. The accounting profession should therefore be structured to provide efficient service to all sectors of the economy. (PAAB 1997b:29-31.)

The basic structure proposed consists of four tiers, each with its own entry requirements, education programme, training programme, uniform examination and registrable qualification. Ranging from the highest to the lowest, these tiers are as follows:

- (1) **The Specialist tier**

This specialist tier's significance lies in the fact that it provides a mechanism for the recognition of specialist expertise obtained subsequent to qualification as a

professional accountant. An example of this is the registered auditor who is a specialist in auditing and has the distinctive role of performing the attest function of which audit services, both statutory and non-statutory, form a major part.

(2) The Financial Accountant tier

This level provides for registration of the Financial Accountant who has undergone a programme of advanced education and training in the areas of financial accounting, taxation and, to a lesser extent, financial management and auditing.

(3) The General Accountant Tier

This level provides for registration of the General Accountant who has completed a programme of education and training in the areas of financial accounting, taxation and management accounting at a three year post-matriculation level, as well as a general introduction to auditing. This level is chiefly concerned with rendering accounting services to companies, close corporations, partnerships and sole proprietors, including the small business sector and other non-corporate undertakings.

(4) The Foundation tier

This level contains three sub levels, namely the bookkeeper, the practising bookkeeper and the accounting technician. At the bookkeeper level, a person is qualified to render accounting services in industry and commerce, the public sector and public practice, focused on the small business sector. The Accounting Technician operates at a level of competency enabling him or her to work at a

supervisory level and to provide support services to management. (PAAB 1997b:34-37.)

4.9 SWAZILAND INSTITUTE OF ACCOUNTANTS

4.9.1 General background

Executive Director

Swaziland Institute of Accountants

P O Box 2653

MBABANE

Swaziland

Telephone : (09268) 45566

In terms of the Accountants' Act of 1985, accountants practising as auditors in Swaziland must be members of the Swaziland Institute of Accountants and must be registered in terms of the Act. An auditor practising in Swaziland must have an office or place of business in Swaziland and must either be a citizen of Swaziland or hold a residence permit and ordinarily be a resident of Swaziland for not less than eight months in each year. This Act came into effect on 1 April 1985.(PAAB 1997a:G-19.)

4.9.2 Classes of membership

In Swaziland there are three classes of membership. Each category of membership has its own requirements relating to education and experience. These classes of membership are:

- (1) **Registered Accountant**
- (2) **Chartered Accountant**
- (3) **Auditor** (This is perceived to be the highest level and only members at this level may perform the attestation functions.) (Barrett 1996e:3.)

4.9.3 Education

The Swaziland Institute of Accountants has entered into a joint examination scheme with the Association of Chartered Certified Accountants, which is based in London in England. The Institute also recognises the examinations of the Association of Accounting Technicians, which is also based in London, England. The educational requirements for the various classes of membership are as follows:

- (1) **Registered accountant:** The requirements are the foundation stage of the Association of Certified Accountants and completion of the Association of Accounting Technicians examination.
- (2) **Chartered accountant:** Completion of the examinations of the Association of Certified Accountants (London based) is required.
- (3) **Auditor:** Completion of the examinations of the Association of Certified Accountants (London based) is required. (Barrett 1996e:3.)

Apart from the above educational requirements, which are United Kingdom oriented, a local examination in the areas of Auditing, Taxation and Law is also required as the field of study obviously differs from the field prescribed in the United Kingdom. (Barrett 1996e:5.)

The University of Swaziland provides a five-year BComm programme. Persons completing this degree are exempted from the foundation stage of the Association of Certified Accountants examination, and may also be exempted from specific papers at the certificate stage, depending on the options which they have taken in their degree programme. In cases where graduates obtained degrees from other universities they are eligible for similar exemptions. (Barrett 1996e:5.)

The following scheme is a brief synopsis of the joint examination of the Swaziland Institute of Accountants and the United Kingdom based Association of Certified Accountants:

Foundation stage:

- | | | |
|----------|---|------------------------------|
| Module A | : | The Accounting Framework |
| | | The Legal Framework |
| Module B | : | Management Information |
| | | The Organisational Framework |

Certificate stage:

- | | | |
|----------|---|----------------------|
| Module C | : | Information Analysis |
|----------|---|----------------------|

The Audit Framework

Module D : The Taxation Framework

Managerial Finance

Professional Stage:

Module E : Information for Control and Decision Making

Accounting and Audit Practice

Tax Planning

Module F : Management and Strategy

Financial Reporting Strategy

Financial Strategy

(Barrett 1996e:8.)

4.9.4 Practical training

The practical training requirements, which are different for each category of membership, are given below. These should have been completed prior to registration:

(1) Registered accountant

Applicants must complete three years of acceptable accounting experience in either the public or private sector. This experience may be obtained either before or subsequent to the completion of the relevant examination.

(2) Chartered accountant

Applicants must gain five years' acceptable experience in a recognised training scheme in industry, the public sector or public practice. In the case of a BCom graduate, this requirement is reduced to three years.

(3) Auditor

The experience required is the same as for a Chartered Accountant, except that the training must be completed under a training contract with a firm of public auditors.

It is a general requirement of the Swaziland Institute of Accountants that all students should keep a "professional experience record", showing their work experience. This document must be countersigned by the employing organisation and submitted to the Swaziland Institute of Accountants upon application for registration. (Barrett 1996e:6-7.)

4.9.5 Membership

Once the educational and practical experience requirements as set out above have been met, an applicant can apply to the Swaziland Institute of Accountants for membership in the applicable category.

The Swaziland Institute of Accountants recognises certain professional qualifications, entitling their holders to apply for membership without the need to take further examinations. Basically, all Institutes of Chartered Accountants or ACCA members are eligible for recognition as long as the professional body is a member of IFAC (International

Federation of Accountants). However, for registration as an Auditor there is the further requirement that the applicant must satisfy the experience requirements and also pass conversion examinations in Swaziland Law and Taxation. (Barrett 1996e:7.)

4.10 THE ZAMBIAN INSTITUTE OF CERTIFIED ACCOUNTANTS

4.10.1 General background

The Zambia Institute of Certified Accountants was established under the Accountants Act of 1982 and is further regulated by the Accountants (Qualifications for Registration) Regulations of 1984 and Statutory Instrument No 40 of 1994. In terms of the above legislation, the main responsibilities of the Zambia Institute of Certified Accountants include the following:

- The registration of accountants at various levels.
- The regulation of the activities and conduct of its members.
- The examination and training of aspiring applicants for registration.
- The provision of education and training in Accounting.
- The recognition of accountancy qualifications from institutions outside Zambia.

(Barrett 1996f:2.)

4.10.2 Classes of membership

Membership of the Zambia Institute of Certified Accountants was limited to fully qualified accountants prior to 1994. Thus, although various qualifications, such as the Accounting

Technicians Diploma, did confer certain exemptions from some of the professional examinations of the Zambia Institute of Certified Accountants, they did not in themselves confer rights to membership of the Zambia Institute of Certified Accountants.

In 1994 the Zambia Institute of Certified Accountants was restructured and three grades of registered accountants were established, each of which are members of the Zambia Institute of Certified Accountants. These grades are:

- (1) Technician
- (2) Licentiate
- (3) Associate or Fellowship

(Barrett 1996f:3-4.)

The total membership in 1994 of the Zambia Institute of Certified Accountants comprised 536 members (Barrett 1996f:4).

4.10.3 Education

There are different examination requirements for each stage. These are as follows:

(1) Technician

A National Accounting Technician Programme exists which has to be successfully completed. These papers are based upon Zambia law and practice. The examination structure of the National Accounting Technician stage is as follows:

Foundation stage:

- Financial accounting
- Mathematics and Statistics
- Economics
- Business Law
- Foundations of Management
- Business Communication

Final stage:

- Advanced Accounting
- Cost and Management Accounting
- Information Systems
- Auditing
- Zambian taxation and company law

(2) **Licentiate**

The syllabus for this level has not yet been developed.

(3) **Associate or Fellow**

The Zambian Institute of Certified Accountants together with the Association of Chartered Corporate Accountants (based in the United Kingdom) has operated a joint examination scheme since 1987. Candidates under this scheme for full professional grade membership must sit all the Association of Chartered Corporate Accountants papers (sixteen in all). These examinations are based on United Kingdom law and practice and are also set, marked and moderated in the United Kingdom. It is understood that the Zambian Institute of Certified Accountants

intends to replace this scheme with a locally produced national professional examination. (Barrett 1996f:7-12.)

The following scheme is a brief synopsis of the joint examination by the *Zambian Institute of Certified Accountants* and the *United Kingdom based Association of Certified Accountants*:

Foundation Stage:

- Module A : The Accounting Framework
The Legal Framework
- Module B : Management Information
The Organisational Framework

Certificate Stage:

- Module C : Information Analysis
The Audit Framework
- Module D : The Taxation Framework
Managerial Finance

Professional Stage:

- Module E : Information for Control and Decision Making
Accounting and Audit Practice
Tax Planning
- Module F : Management and Strategy

Financial Reporting Strategy

Financial Strategy

(Barrett 1996f:11.)

In Zambia itself the only university programme is the Bachelor of Accounting (BAcc) degree offered by the Copperbelt University. This degree is a four-year programme and successful students are granted exemption from the foundation stage of the Association of Certified Accountants examinations as well as the auditing paper of the Certificate Stage. Other certificate and diploma courses are offered in accountancy at institutions like the Zambian Institute of Technology at Kitwe and the Evelyn Home College of Applied Arts and Commerce at Lusaka. (Barrett 1996f:13.)

4.10.4 Practical training

Before a candidate can be registered with the Zambian Institute of Certified Accountants certain practical training requirements must be met. These differ according to the level applied for, and are as follows for each level:

(1) Technician

A period of one year's practical experience is required.

(2) Licentiate

A period of two years' practical experience is required.

(3) Associate or Fellow

A period of three years' practical experience is required.

A further requirement in addition to the above requirements exists if a member wants to practise in public in Zambia, namely an additional one year's practical experience must be gained within Zambia. (Barrett 1996f:8-9.)

4.10.5 Membership

Once the requirements regarding educational and practical training have been met, a person can apply for membership of the Zambian Institute of Certified Accountants. The Zambian Institute of Certified Accountants also recognises certain professional qualifications as entitling their holders to apply for full professional membership without the need to take additional examinations. The professional accounting qualifications recognised for this purpose are:

- (1) Association of Chartered Certified Accountants (UK)
- (2) The Institute of Chartered Accountants in England and Wales
- (3) The Institute of Chartered Accountants in Scotland
- (4) The Institute of Chartered Accountants in Ireland
- (5) The Institute of Certified Public Accountants (United States of America)

(Barrett 1996f:9.)

4.11 INSTITUTE OF CHARTERED ACCOUNTANTS OF ZIMBABWE

4.11.1 General background

The Registrar

Institute of Chartered Accountants of Zimbabwe

PO Box 8197

Causeway

HARARE

Zimbabwe

Telephone : (09263) 4 726229 (PAAB 1997a:G-20.)

In terms of the Public Accountants and Auditors Act (1995), there has been a restructuring of the accounting profession in Zimbabwe, in the course of which the Public Accountants and Auditors Board was established. The Board recognises different accounting bodies, namely the Institute of Chartered Accountants of Zimbabwe, the Zimbabwean Institute of Public Finance and Accountancy, the Zimbabwean Association of Accounting Technician and the Institute of Chartered Secretaries and Administrators of Zimbabwe. Separate registers are kept for each and the Board has overall responsibility for the regulation of the accountancy profession in Zimbabwe. (Barrett 1996g:3.)

4.11.2 Classes of membership

There are different classes of membership, each with its own educational and practical training requirements. These classes are:

- (1) **Accounting Technician**
- (2) **Registered Public Accountant**
- (3) **Registered Public Accountant and Auditor (Barrett 1996g:4.)**

The following table provides information on the number of members. For the period up to and including 1996 the information was obtained from Barrett (1996g:5) and thereafter from the Institute of Chartered Accountants of Zimbabwe's Annual Report and Financial Statements (1998:14).

Table 4.2: Membership of the Institute of Chartered Accountants of Zimbabwe

Year	Membership
1990	1116
1995	1224
1996	1207
1997	1177
1998	1185

4.11.3 Education

Since 1994 the examination structures have comprised a Post-Graduate Diploma in Applied Accountancy and a qualifying examination. Tuition for the Diploma in Applied

Accountancy is provided by the College for Distance Education at the University of Zimbabwe, and from 1999 also by the Institute of Chartered Accountant's of Zimbabwe in conjunction with the University of South Africa in preparation for the Qualifying Examination.

Admission to the Diploma in Applied Accountancy is limited to graduates of certain recognised degree programmes, which include the following:

BAcc - University of Zimbabwe

BComm (Acc) - National University of Science and Technology

BCompt - University of South Africa.

Permission to sit the Final Qualifying Examination is given to students who have passed the second part of the Diploma in Applied Accountancy at one sitting, or to students who hold the South African Certificate in Theory of Accountancy and who have passed the Taxation paper at the second part of the Diploma in Applied Accountancy examination. The syllabuses for the Final Qualifying Examination and the Diploma in Applied Accountancy are identical but the emphasis in the Final Qualifying Examination is on application rather than the straight recollection of knowledge. (Barrett 1996g:7-8.)

4.11.4 Practical training

Students are required to complete a training contract with a Chartered Accountant in practice, whose office is accredited with the Institute of Chartered Accountants of

Zimbabwe for training purposes. The duration of the training period is established according to the progress made with the student's formal education. Thus, the duration of the training contract for non-graduates is five years but in the case of graduates the training period is only three years. In association with this contract period a minimum number of hours of practical experience are also required:

- In the case of a three-year training contract, four thousand hours are required.
- In the case of a five-year training contract, six thousand hours are required.

Furthermore, the type of practical experience required as determined by the Council of the Institute of Chartered Accountants of Zimbabwe as a minimum percentage of the total required hours of practical experience is as follows:

- | | |
|--|------|
| • Financial Accounting | 10% |
| • Auditing | 25% |
| • Taxation | 2,5% |
| • Hands-on computer time spent in
an Auditing, Accounting or a
Consulting role | 2,5% |

Thus, 40% of time spent should be allocated to the above topics.

Each student is required to maintain a record of his or her practical experience on a prescribed form. These forms must be submitted to the Institute of Chartered Accountants of Zimbabwe half-way through the training contract and again at the end of the contract.

These records are monitored by the Institute of Chartered Accountants of Zimbabwe.
(Barrett 1996g:11.)

4.11.5 Membership

Once the practical experience has been gained to the satisfaction of the Institute of Chartered Accountants of Zimbabwe and the relevant examinations have been passed, a student becomes eligible for admission as a member.

Membership of certain other professional institutes entitles the holders to apply for membership of the Institute of Chartered Accountants of Zimbabwe, the prerequisite being that the candidate should pass a conversion examination on Zimbabwean Taxation and Law. In the case of Zimbabwean taxation this is the paper on taxation for the Post-Graduate Diploma in Applied Accountancy. (Barrett 1996g:12.)

4.11.6 Special features of the Zimbabwean membership and training

Apart from the fact that the South African Certificate in Theory of Accountancy can be used in Zimbabwe to gain entrance to the Final Qualifying Examination, which already makes the whole system very much South African oriented, the following fact further emphasises the ties between the two system: In April 1996 an agreement was reached between the Zimbabwean Board and the South African Public Accountants and Auditors Board to the effect that core questions which are applicable to both countries should be

used as common questions in both examinations - resulting in the fact that the two countries' examinations tend to be almost identical. (Barrett 1996g:7.)

Just how deeply dependent on and orientated to the South African system the Zimbabwean training of accountants is, is revealed by an analysis of the students who have written the first part of the examination of the Institute of Chartered Accountants of Zimbabwe in 1997.

Table 4.3: An analysis of students who wrote part one of the 1997 examination of the Institute of Chartered Accountants of Zimbabwe, per University attended

UNIVERSITY	NUMBER OF STUDENTS
Natal	5
Rhodes	19
UCT	4
Unisa	65
Wits	2
Total for South African universities	95
UZ - BAcc degree	31
UZ - BTech degree	7
NUST	5
Other	3
Total	141

(Source: The Zimbabwe Chartered Accountant 1997:17-18.)

Of the total of 141 students, 95 had attended South African universities. This is 67% of the total number of students who wrote this examination.

A problem experienced by the Institute of Chartered Accountants of Zimbabwe is the large number of members who are no longer resident in Zimbabwe. An analysis of the distribution of the 1996 membership of 1207 persons clearly reveals this fact:

Retired and honorary	66 persons
----------------------	------------

Active within Zimbabwe:

- | | |
|--------------------------|-------------|
| • Practising members | 160 persons |
| • Non-practising members | 523 persons |

Outside Zimbabwe	458 persons
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(Barrett 1996g:6.)

4.12 MEMBERSHIP OF THE INTERNATIONAL FEDERATION OF ACCOUNTANTS

It also is important to establish the extent to which the countries of Southern Africa are members of the international community of accountants. A table is drawn up showing membership of the International Federation of Accountants (IFAC).

Table 4.4: Members of the International Federation of Accountants

Country	Yes	No
Angola		√
Botswana	√	
Lesotho	√	
Malawi	√	
Mozambique		√
Namibia	√	
South Africa	√	
Swaziland	√	
Zambia	√	
Zimbabwe	√	

Source: (International Accounting Standards Committee 1998:Home Page.)

4.13 SUMMARY

This analysis of each country's professional structure has made the following clear:

- (1) The South African Institute of Chartered Accountants is by far the biggest professional association in the region, purely taking into account the number of members; therefore, it also dominating the region by the extent of its available resources.
- (2) Some countries have very few members, and therefore tend to rely on South Africa or, alternatively, on institutes in the United Kingdom, with which the countries, which are ex-colonies of the United Kingdom, have traditional ties.

- (3) Most countries in the region already acknowledge each other's qualifications, especially the South African qualifications.
- (4) Many countries in the region, notably Namibia and Zimbabwe, are already partially dependent on South African universities to supply quality education.
- (5) The examinations of the second largest Institute of Accountants in the region, namely that of Zimbabwe, are already based on the South African examinations - the same questions are used in the examinations. This is also true for Namibia.

In view of the fact that many countries in the region are already focused on South Africa, it appears likely that South Africa's status would be advanced if the current interdependence in the region were to be formalised.

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CHAPTER FIVE

RESEARCH METHODOLOGY

- 5.1 Introduction
- 5.2 Establishment of the population
- 5.3 Sample selected for research
 - 5.3.1 The size of the sample
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- 5.4 Development of the questionnaire
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 - 5.5.4 Questionnaire distribution and follow-up
- 5.6 Response to the questionnaire
- 5.7 Conclusion
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CHAPTER FIVE

RESEARCH METHODOLOGY

5.1 INTRODUCTION

It is the purpose of this chapter to discuss the development and implementation of the methodology which was used to collect data and information from the public chartered accountants and auditors registered in South Africa.

5.2 ESTABLISHMENT OF THE POPULATION

On 15 April 1998 a written request was sent to THE PUBLIC ACCOUNTANTS' AND AUDITORS' BOARD OF SOUTH AFRICA for a list of public accountants and auditors as at 31 March 1998. A reply was received from the executive secretary and an electronic list of the 4 106 accountants and auditors who were registered at 31 March 1998 was supplied to the researcher for the purposes of this study. From this total population a sample had to be drawn. The method used is described in paragraph 5.3.

5.3 SAMPLE SELECTED FOR RESEARCH

The population of 4 106 public accountants and auditors was too big to cover due to the cost involved and time restraints. A sample was drawn on a random basis to ensure that the whole population was represented. This was done in two stages, namely the size of the sample was first established and a random selection was then made to obtain an appropriate sample.

5.3.1 The size of the sample

The size of an adequate sample is dependent on how homogenous or heterogeneous the general population is (Leedy 1993:205). The more heterogeneous the population, the larger the sample required in comparison with a more homogenous population. When deciding on sample size, the following three factors should be considered:

- (1) The precise correlation required between the sample population and the general population.
- (2) The variability of the population. This can also be expressed as the standard deviation.
- (3) The method of sampling that should be employed. (Leedy 1993:205.)

The total population consisted of a finite number of 4 106 registered practising chartered accountants. It was possible to apply the following formula (Weiers 1984:130-131):

$$n = \frac{\frac{p(1-p)}{z^2} + \frac{p(1-p)}{N}}$$

where

n = necessary sample size

z = number of standard deviation units in the normal distribution which will produce the desired level of confidence - for example a 95% or a 90% confidence level.

p = proportion of the population that possesses the characteristic under investigation.
If this cannot be estimated p = 0,5 should always be used in the formula as a conservative estimate.

e = error, or maximum difference between the sample proportion and the total population proportion.

In applying the above formula, the following assumptions were made:

p = Proportion of the population which possesses the characteristic under investigation.

As the results of the survey could not be estimated at this stage p = 0,5 was used in the formula.

z = a 95% confidence level. This assumption seemed appropriate and in fact it represents quite a high level of confidence. According to Weiers (1984:128) and Daniel and Terrell (1995:266), the factor to be used in the formula for a 95% confidence level is 1,96.

$e = 0,10$. The maximum error allowable which seemed acceptable was a 0,10 difference between the sample proportion and the total population proportion, and this was therefore applied.

$N = 4\ 106$. The total number of public accountants and auditors at 31 March 1998 equalled 4 106.

Formula applied:

$$n = \frac{\frac{0,5 (1 - 0,5)}{0,10^2}}{1,96^2} + \frac{0,5 (1 - 0,5)}{4\ 106}$$

$$n = 94$$

Having established that replies from at least 94 respondents were needed in order to be 95% certain that the sample proportion represented the proportion in the total population, with a possible error rate of 10% (a 0,10 difference between the sample proportion and the total population proportion), a sample of 400 public accountants and auditors was drawn, as described in the next paragraph.

Four hundred persons were chosen from the list of public accountants and auditors after a discussion with the head of Research Support of the Department of Computer Services (Unisa) and the Director from the Bureau of Market Research (Unisa) (under whose letter-head the questionnaires were sent out). According to them, based upon past experience,

the reply rate on questionnaires is expected to be between 5% and 30%. This is confirmed by a recent study. For example, Ford (1993:22) obtained a response rate of 15%. The desired quantity of 94 could therefore be obtained with relative certainty by sending second requests and, if necessary, third requests. Contacting persons personally by telephone was also an option as a last resort if the desired number of responses was not obtained.

5.3.2 The random selection of the sample

The SPSS program, release 6.1 (Statistical Package for the Social Sciences) was used to perform the selection of the random sample. The following steps were taken:

- (1) All the members of the population were numbered from one to 4 106.
- (2) The exact-size random sample was specified to be 400.

This resulted in a separate file of 400 persons produced by the program.

According to SPSS (1993:704) the exact-size random sample is based on a pseudo-random-number generator, which is dependent on a seed value established by SPSS.

5.4 DEVELOPMENT OF THE QUESTIONNAIRE

According to Leedy (1993:122-123), the different kinds of data which have to be obtained necessitate different research approaches. On the basis of the different kinds of data available, four research methodologies were identified and are discussed:

- (1) The *descriptive survey method* is appropriate for data derived from simple observational situations. Such data may be either physically observed or observed through a questionnaire, opinion poll or survey.
- (2) The *historical method* is appropriate for data which are primarily documentary in nature or are in literary format.
- (3) The *analytical survey method* is appropriate for data which are quantitative in nature and require statistical processing to extract their meaning.
- (4) The *experimental method* is appropriate for data derived from an experimental control situation. (Leedy 1993:122-123.)

The data required are not of a historical or experimental nature and a survey was considered to be the most suitable method of obtaining them. Once the data had been obtained, further analyses could be performed as the need presented itself. Thus a combination of the *descriptive survey method* and the *analytical survey method* seemed appropriate.

The basic structure of the descriptive survey as a research method is as follows:

- (1) It is appropriate in situations which require the use of the technique of observation as the principal means of collecting data.
- (2) The population for the study should be clearly defined.
- (3) Data in descriptive survey research are particularly susceptible to distortion through the introduction of bias into the research design.
- (4) Even though the survey relies upon observation for the acquisition of data, in order to draw valid and accurate conclusions from them, these data must be organised and presented systematically. (Leedy 1993:187.)

Different options, such as a printed survey, or telephonic or personal interviews, were considered to facilitate the accumulation, categorisation and analysis of the required data. The cost involved in interviewing or phoning the geographically dispersed population could well have been excessive and therefore these options were ruled out. Furthermore, it is difficult to maintain consistency and to avoid a testing bias while conducting interviews (telephonically or personally) over an extended period of time. Reaching respondents such as busy partners and audit managers who may not have the time for long telephonic or personal interviews can also be problematic and a mail questionnaire therefore seemed to be the best option.

Further confirmation for the advantages of using a mail questionnaire is provided by the fact that research indicates that the privacy of a mail questionnaire should give a better chance of obtaining meaningful replies from the respondents (McDonagh 1975:131-136).

Lastly, a mail questionnaire implemented as a research tool suggests that questionnaires filled in by respondents may be more accurate than questionnaires filled in by other means - for example by the researcher.

5.5 IMPLEMENTATION OF A MAIL QUESTIONNAIRE

5.5.1 Questionnaire construction

According to Leedy (1993:187), the questionnaire, like the Geiger counter, is a totally impersonal probe. As a result of the impersonality associated with a questionnaire, a researcher needs to be governed by several practical guidelines when employing it as a tool in survey research. These guidelines are:

- (1) The language used must be clear and unambiguous. It should always be remembered that what may be crystal clear to one person (the researcher) may be meaningless jargon to another person. To overcome this problem, all questionnaires should be pre-tested on a small population in what is often referred to as a *pilot study*. (Leedy 1993:187-188.)
- (2) Questionnaires should be designed to fulfil specific research objectives. Aimless or haphazard questions should be avoided. It should always be remembered that the researcher is asking the addressee to contribute both time and effort. In short, the following principles should be adhered to:
 - Be courteous.

- Simplify.
 - Think of the other person.
 - Concentrate on the universal.
 - Make it brief.
 - Check for consistency.
 - Send return postage.
 - Offer the results of the study to the respondent.
 - Think ahead. (Leedy 1993:188-190.)
- (3) Questionnaires succeed as their success is planned. The covering letter should emphasise the importance of the study *to the addressee*, and then invite the addressee to co-operate by answering the questionnaire (Leedy 1993:190).
- (4) The initial letter is all important. This letter should be carefully and thoughtfully structured. It should stress the concerns of the person receiving the letter rather than the selfish interests of the sender. Courtesy, understanding, and respect for others pay large dividends in a situation where a researcher needs the co-operation of others. (Leedy 1993:190-191.)

Taking into account the above points, the questionnaire was developed after an in-depth study of the literature and other related research. The questionnaire is presented in Appendix one to this study. The whole questionnaire was split into five parts.

The first part asked the core question - whether co-operation between accounting bodies in Southern Africa should be promoted or not. Depending on the answer, the respondent was asked to complete certain sections of the rest of the questionnaire.

The second part of the questionnaire was applicable only to respondents who answered "No" to the first part. The second part of the questionnaire concentrated largely on reasons why the respondent felt that co-operation should not be promoted.

The third part of the questionnaire was applicable to respondents who answered "Yes" to the first part. The third part concentrated on reasons why the respondents felt that co-operation should be promoted. The researcher's purpose in asking the questions in this section was to establish what the extent of this co-operation should be and what form it should take. The researcher also attempted to establish whether respondents felt a need for co-operation.

In part four of the questionnaire the researcher tried to identify a possible fear of job losses if a system of co-operation were to be implemented.

Part five dealt with personal data. The respondents were asked to give information about themselves, including professional qualification held, age, gender, work environment and the size of the organisation in which the particular respondent was employed.

5.5.2 Design of the covering and follow-up letters

The covering letters and follow-up letters were reproduced on University of South Africa stationery, more specifically the stationery of the Bureau of Market Research, thus indicating that the study had the University's approval. The researcher felt that the Bureau of Market Research has built up a certain amount of credibility, and that the association with the Bureau of Market Research would lead to a higher rate of response from the sample selected.

Each letter bore the name of the recipient and the date of mailing. The purpose of these personalisation procedures was to conduct all correspondence on normal business terms, and these procedures were made possible by the fact that names and addresses were provided in electronic format by The Public Accountants' and Auditors' Board. Prepaid return envelopes were included with the mailing of the initial questionnaire as well as the follow-up letters.

The covering letter which accompanied the questionnaire are attached in Appendix one.

5.5.3 Pilot study

A questionnaire with a covering letter were handed to fifteen chartered accountants (not necessarily registered). Friends and colleagues in the academic field who are chartered accountants were used for this pilot study. Possible problems, difficulties and suggestions

were discussed in detail with all fifteen persons after their completed questionnaires had been received.

In this way, mistakes, confusing or ambiguous terms, unimportant and ambiguous questions were identified and either scrapped or changed. Some people made suggestions regarding the inclusion of additional questions and some of these were added to the questionnaire.

5.5.4 Questionnaire distribution and follow-up

On 22 May 1998 the covering letter, prepaid envelopes and pre-numbered questionnaires were posted to the 400 randomly selected registered practising chartered accountants. The questionnaires were pre-numbered to make it possible to establish the identity of those who replied in order to send second requests to those persons who did not respond to the first letter. The pre-numbering was used for no other purpose and the respondents' identity therefore remained undisclosed. Three respondents tore off the pre-numbered section of the questionnaire, presumably to ensure that their identities remain undisclosed.

On 29 June 1998, one month after the original mailing, a second request was mailed to the 314 persons who did not respond to the initial letter. The package again consisted of the covering letter (second request), prepaid envelopes and pre-numbered questionnaires.

The time lapse between the first and the second request was based on previous research findings, which indicated that questionnaire follow-ups should be spaced at intervals of three to four weeks (Babbie 1973:164).

A third request was not sent out, because sufficient replies were received to justify the research.

5.6 RESPONSE TO THE QUESTIONNAIRE

After the original 400 questionnaires had been sent out, 86 were received back before the second request was sent out. After the second request a total of 126 completed questionnaires were received back, representing a response rate of 29%. Only 117 were included in the statistical analysis as seven responses were received too late (up to six months after the second request) to include them in the analysis, and two questionnaires were not completed at all. One respondent stated that he was unable to complete the questionnaire since he had no opinion on the matter owing to insufficient knowledge of the issues raised. The other respondent who did not complete the questionnaire stated that he was 77 years old, in other words too old for the results of the survey to have an influence on him, and he felt that he should therefore not be influencing the survey.

5.7 CONCLUSION

This chapter analysed, developed and applied the mail questionnaire used to collect the required data which are analysed in chapter six.

The design and application of the questionnaire were based on prior research and practice in the development of questionnaires. Certain practical considerations such as the use of prepaid envelopes, design of the covering letter and the user-friendliness of the questionnaire from the point of view of the respondents were taken into account. To ensure that the questionnaire would have these characteristics, a pilot study was conducted before the questionnaires were distributed to the statistically selected random sample of public accountants and auditors.

A more than adequate response was received, namely 117 respondents representing the total population of registered chartered accountants in South Africa with a 95% certainty that the sample proportion represents the proportion of the total population, with a possible error rate of 10%. The researcher was able to proceed to analyse the data in the answers received in chapter six.

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CHAPTER SIX

ANALYSIS AND INTERPRETATION OF THE RESEARCH RESULTS

- 6.1 Introduction
- 6.2 Statistical procedures
- 6.3 General profile of the public accountant and auditor
 - 6.3.1 Number of years qualified
 - 6.3.2 Gender
 - 6.3.3 Age
 - 6.3.4 Work environment
 - 6.3.5 Size of the organisation
- 6.4 Analysing the basic question - "Do you believe greater co-operation between accounting bodies of Southern Africa should be promoted?"
- 6.5 An analysis of the reasons why respondents did not prefer co-operation between the accounting bodies of Southern Africa
 - 6.5.1 Quality of education will be lost
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 - 6.5.6 Summary of reasons with their relative importance

- 6.6 An analysis of the reasons why respondents did prefer co-operation between the accounting bodies of Southern Africa
 - 6.6.1 It would enhance the status of the individual accounting bodies of Southern Africa, worldwide
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 - 6.6.3 Information could be shared
 - 6.6.4 Infrastructure could be shared
 - 6.6.5 It would enhance the professionalism of individual accounting bodies
 - 6.6.6 Other reasons
 - 6.6.7 Summary of reasons with their relevant importance
- 6.7 The level of co-operation envisaged between the various accounting bodies of Southern Africa
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 - 6.7.2 Practical training should be interchangeable between countries
 - 6.7.3 A single qualifying examination should be set for the whole region
 - 6.7.4 Qualified persons should be allowed free access to the whole region, after passing an examination focused on a specific country's laws
 - 6.7.5 Agreements should be reached with individual countries regarding practical and academic training
 - 6.7.6 A system of dual membership should be instituted, one for the accountant and auditor's specific country, and one for the region

- 6.7.7 Summary of the level of co-operation envisaged between the various accounting bodies of Southern Africa
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 - 6.8.1 Would you like to be registered in the countries of Southern Africa?
 - 6.8.2 Do you think there will be a need in future for you to be registered in the countries of Southern Africa?
 - 6.8.3 Do job opportunities in other Southern African countries currently exist?
 - 6.8.4 Do you think job opportunities in other Southern African countries will increase in future?
- 6.9 The extent to which qualified accountants from other Southern African countries should be allowed to practice in South Africa
- 6.10 Expectations regarding the future movement of qualified personnel between Southern African countries
- 6.11 Testing the hypotheses
 - 6.11.1 Introduction
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 - 6.11.5 Performance of the calculations
 - 6.11.6 Results of the hypothesis testing
 - 6.11.7 Summary of the results of the hypothesis testing
- 6.12 Conclusion
- 6.13 Bibliography

CHAPTER SIX

ANALYSIS AND INTERPRETATION OF THE RESEARCH RESULTS

6.1 INTRODUCTION

Chapter five contains a description of the development and implementation of the research methodology that was used to collect the data for the research study.

In chapter six the opinions of South African public accountants relating to the question of greater co-operation between registered accountants in the Southern Africa region are reproduced. The returned questionnaires reflect a sample of opinions, including arguments in support of co-operation and suggestions regarding the possible form co-operation could take in the Southern African region.

Not all questions were answered by all the respondents because their reply to the very first question determined which questions the respondents would answer from then on.

Therefore, in some of the later tables, a smaller number is used, relating only to those respondents who should have answered the relevant questions.

The results of this study have been analysed and divided into the following sections:

- A general profile of registered public chartered accountants and auditors in South Africa.
- Analysis of the basic question, whether or not there should be greater co-operation in the training and accreditation of accountants in Southern Africa. This basic question is analysed according to the personal details provided, for example age, gender, and the size of the organisation where the respondent was employed.
- An interpretation of the reasons why respondents did not prefer co-operation between accounting bodies of Southern Africa.
- An interpretation of the reasons, suggestions and level of co-operation which are suggested by respondents that did prefer co-operation between accounting bodies of Southern Africa.
- The level of co-operation envisaged.
- Individual countries in Southern Africa focused on.
- The hypotheses stated and tested by means of a chi-square test.

6.2 STATISTICAL PROCEDURES

The Statistical Package for the Social Sciences, release 6.1 (SPSS) was used to perform the analysis of the data. In short, using the program, the following descriptive statistical analysis was performed:

- frequency distributions
- percentages (proportions)
- means
- cumulative percentages
- chi-square test using cross-tabulation technique

6.3 GENERAL PROFILE OF THE PUBLIC ACCOUNTANT AND AUDITOR

6.3.1 Number of years qualified

The distribution of registered public accountants and auditors according to the number of years qualified is set out in the table below.

Table 6.1: Number of years qualified as a chartered accountant and auditor

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative percentage</u>
Under 10 years	45	38,5	38,5
10 to 19 years	23	19,7	58,2
20 to 29 years	21	17,9	76,1
30 to 39 years	17	14,5	90,6
40 years and over	7	6,0	96,6
Unanswered	4	3,4	100,0
Total	117	100,0	

The table indicates that 38,5% of chartered accountants and auditors have been qualified for less than 10 years. This implies that a rather youthful group are registered and are in public practice. Four respondents did not answer this question.

6.3.2 Gender

The gender of the respondents was compared with the gender of accountants and auditors in the entire population as well as in the original sample of 400 drawn by means of the random sample. This was also intended to indicate whether the random selection of the sample was in fact representative of the entire population. This analysis was specifically done regarding gender, as gender was the only aspect of the profile of the entire population that was known to the researcher. This information was included in the list of registered accountants and auditors at 31 March 1998 as obtained from the Public Accountants' and Auditors' Board.

Table 6.2: Gender of registered public chartered accountants and auditors

	<u>Frequency</u>	<u>Percentage</u>	<u>The sample of 400</u>	<u>Actual in the total population</u>
Male	107	91,5	94,4	93,7
Female	6	5,1	5,6	6,3
Unanswered	4	3,4		
Total	117	100,0	100,0	100,0

Table 6.2 indicates that the actual percentage of male respondents is reasonably close to the percentage in the random sample drawn as well as to the percentage in the entire population.

From table 6.2 it can be seen that four respondents did not answer this question. If these four are ignored the percentage of males in the sample actually increases to 94,7%, reflecting the fact that four respondents did not answer this question. Thus, ignoring the respondents who did not answer will bring the correspondence between the sample and the actual gender split even closer.

The above information can make the test more accurate in that it can be useful when relations between information are established in the subsequent analysis of the questionnaire.

6.3.3 Age

The distribution of the registered public chartered accountants and auditors by age is set out in table 6.3 below.

Table 6.3: The ages of the registered public chartered accountants and auditors

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
Under 30	8	6,8	6,8
30 to 39	45	38,5	45,3
40 to 49	18	15,4	60,7
50 to 59	24	20,5	81,2
60 and over	12	10,3	91,5
Unanswered	10	8,5	100,0
Total	117	100,0	

The ages of the respondents were distributed between 27 and 82. Most of the respondents fell into the age group 30 to 39, with 38,5% lying in this age group.

It was found that the average age of respondents was 44 years.

6.3.4 Work environment

Even though the questionnaire was sent to registered chartered accountants and auditors in public practice, not all respondents see their main sphere of activities as lying in private practice. Respondents answered as follows:

Table 6.4: The work environment of registered chartered accountants and auditors

<u>Main activity</u>	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
In private practice	91	77,8	77,8
Self-employed in commerce or industry	6	5,1	82,9
Employed in commerce or industry	7	6,0	88,9
Employed by government	0	0,0	88,9
Working as an academic	1	0,9	89,8
Unemployed	0	0,0	89,8
Pensioner	1	0,9	90,7
Other	1	0,9	91,6
Unanswered	10	8,5	100,0
Total	117	100,0	

The vast majority are working in private practice, as was to be expected.

6.3.5 Size of the organisation

The method of establishing the relative size of the organisation that respondents worked for was based on the number of workers in the specific organisation.

Table 6.5: The size of the organisation that registered public chartered accountants and auditors work for (based on number of employees)

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative percentage</u>
Small (0-30 workers)	59	50,4	50,4
Medium (31-150 workers)	28	23,9	74,3
Large (150+ workers)	18	15,4	89,7
Unanswered	12	10,3	100,0
Total	117	100,0	

The majority, namely 77,8%, work in small organisations with less than 30 workers.

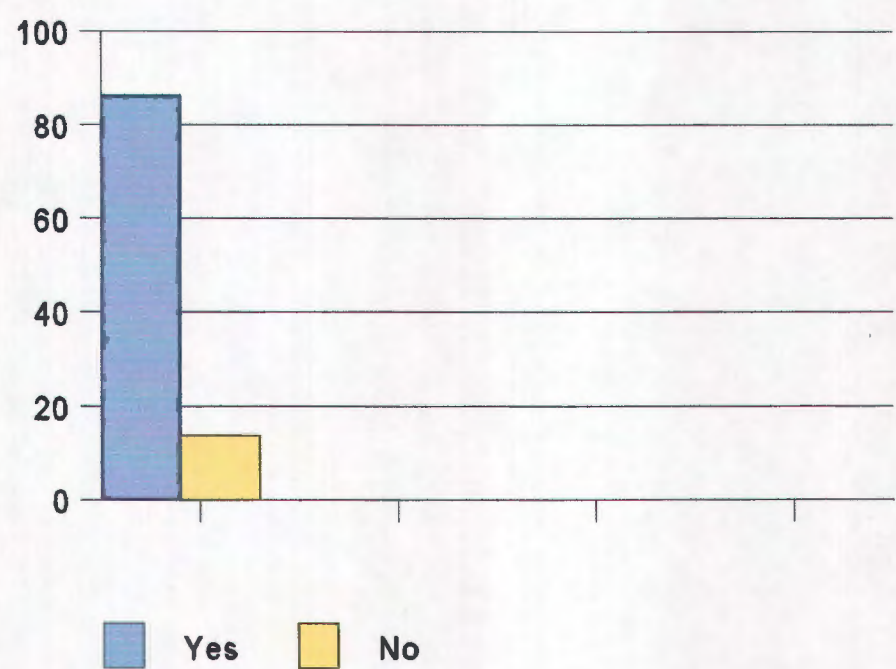
6.4 ANALYSING THE BASIC QUESTION - "DO YOU BELIEVE GREATER CO-OPERATION BETWEEN ACCOUNTING BODIES OF SOUTHERN AFRICA SHOULD BE PROMOTED? "

Table 6.6: Support for co-operation in Southern Africa

	<u>Frequency</u>	<u>Percentage</u>
Yes	101	86,3
No	16	13,7
Total	117	100,0

By far the majority of respondents, namely 86,3%, are in favour of co-operation between accounting bodies of Southern Africa. Only 13,7% are against the idea of promoting co-operation between accounting bodies in the Southern African region. This overwhelming support is better illustrated by representing this information in the form of a bar chart.

Figure 6.1: Support for co-operation in Southern Africa in percentages



It was found that the average age of respondents who answered "Yes" was 43,5 years and respondents who answered "No" were 44,5 years old on average. Even though respondents who answered "Yes" were slightly younger, the average ages are so close together that age does not seem to be responsible for any significant difference between the two groups.

6.5 AN ANALYSIS OF THE REASONS WHY RESPONDENTS DID NOT PREFER CO-OPERATION BETWEEN ACCOUNTING BODIES OF SOUTHER AFRICA

In this section the reasons why respondents think that no co-operation between the accounting bodies of Southern Africa should be promoted are highlighted, with an analysis of the weight of certain objections.

6.5.1 Quality of education will be lost

Table 6.7: Quality of education will be lost

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
Yes definitely	10	62,5	62,5
Yes	4	25,0	87,5
No	0	0	87,5
Not at all	1	6,3	93,8
Unanswered	1	6,3	100,0
Total	16	100,0	

The table indicates that 87,5 % of the respondents feel that quality of education will be lost. The continuation of a high level of education in South Africa is of obvious concern to these respondents and they strongly indicated that the fear of losing quality education is a barrier to co-operation.

6.5.2 Professional status will be diminished

Table 6.8: Professional status will be diminished

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
Yes definitely	11	68,8	68,8
Yes	3	18,8	87,5
No	1	6,3	93,8
Not at all	1	6,3	100,0
Total	16	100,0	

The table indicates that 87,5% of the respondents feel that the professional status of registered chartered accountants in South Africa will diminish if co-operation in Southern African countries is promoted. Currently South African chartered accountants enjoy a high level of prestige, and these respondents feel that this hard-won status will be diminished by association with the rest of Southern Africa.

6.5.3 Competition will become too great, with a resultant loss of job opportunities

Table 6.9: Competition will become too great

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
Yes definitely	2	12,5	12,5
Yes	1	6,3	18,8
No	8	50,0	68,8
Not at all	4	25,0	93,8
Unanswered	1	6,3	100,0
Total	16	100,0	

The table indicates that only 18,8 % of the respondents feel that competition will become too great, with a resultant loss of job opportunities. It is probably to be expected that South African chartered accountants do not perceive chartered accountants in Southern Africa as a threat. The much larger numbers of chartered accountants in South Africa as well as the much higher sophistication of the South African economy make it unlikely that the rest of the region would constitute a danger to job security.

6.5.4 Organisational costs will become excessive

Table 6.10: Organisational costs will become excessive

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
Yes definitely	4	25,0	25,0
Yes	6	37,5	62,5
No	4	25,0	87,5
Not at all	1	6,3	93,8
Unanswered	1	6,3	100,0
Total	16	100,0	

From table 6.10 it is clear that respondents see the organisational costs as a potential problem, with 62,5% indicating either "Yes definitely" or "Yes".

6.5.5 Other reasons

Three respondents completed this section. Their comments were as follows:

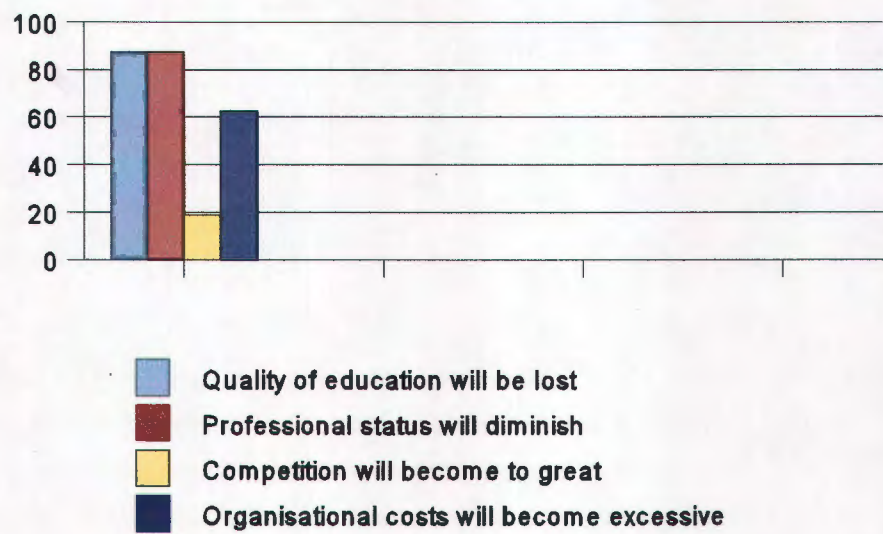
- (1) "different needs" - It must be assumed that this respondent sees the accounting bodies of the different countries in Southern Africa as totally incompatible.
- (2) "I definitely believe that the status and professional standing of a CA(SA) will diminish" - This point is already covered in paragraph 6.4.2, so this is really an indication by the respondent of how strongly he wants to emphasise this point. He also marked the appropriate point on the questionnaire.

(3) “SAICA keeps getting the ‘cold shoulder’ so why persist and waste time? We should rather direct these efforts at training ourselves properly.” - It seems that the respondent feels that if the South African public accountants and auditors ensure that they are properly trained, it will not really matter whether there are no agreements with the rest of Southern Africa. The respondent did mention proper training, and this point is covered in paragraph 6.4.1. The respondent also marked the appropriate item on the questionnaire.

6.5.6 Summary of reasons with their relative importance

The reasons why respondents felt that greater co-operation between the accounting bodies of Southern Africa should not be promoted, with their relative importance, are represented by means of the bar chart in figure 6.2.

Figure 6.2: Reasons for no co-operation expressed as a percentage



The most important reason is the fear of respondents that the quality of education will be impaired and that professional status will diminish and it seems that respondents actually link this fear to specific reasons. Thus, the fear of impaired quality of education actually results in the fear that professional status will diminish.

6.6 AN ANALYSIS OF THE REASONS WHY RESPONDENTS DID PREFER CO-OPERATION BETWEEN ACCOUNTING BODIES OF SOUTHERN AFRICA

In this section the reasons why respondents think that greater co-operation between accounting bodies of Southern Africa should be promoted is highlighted, with an analysis of how important some objectives are.

6.6.1 It would enhance the status of the individual accounting bodies of Southern Africa, worldwide

Table 6.11: It would enhance the status throughout the world

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
Yes definitely	33	32,7	32,7
Yes	55	54,5	87,2
No	4	4,0	91,2
Not at all	3	3,0	94,2
Unanswered	6	5,9	100,0
Total	101	100,0	

It is clear that the overwhelming majority of respondents, namely 87,2%, feel that greater co-operation between the accounting bodies of Southern Africa would enhance the status of individual accounting bodies on a world-wide basis.

6.6.2 Costs for projects like examination setting could be shared

Table 6.12: Costs could be shared

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
Yes definitely	22	21,8	21,8
Yes	46	45,5	67,3
No	22	21,8	89,1
Not at all	1	1,0	90,1
Unanswered	10	9,9	100,0
Total	101	100,0	

The majority of respondents, namely 67,3%, feel that costs could possibly be shared if there were greater co-operation between accounting bodies in Southern Africa. It should also be noted that quite a few respondents, namely 10 persons (9,9%), did not answer this question, thereby indicating that they do not hold an opinion on this matter.

6.6.3 Information could be shared

Table 6.13: Information could be shared

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative percentage</u>
Yes definitely	40	39,6	39,6
Yes	44	43,6	83,2
No	6	5,9	89,1
Not at all	0	0	89,1
Unanswered	11	10,9	100,0
Total	101	100,0	

The majority of respondents, namely 83,2%, feel that information could be shared if there were greater co-operation between accounting bodies of Southern Africa. It should also be noted that quite a few respondents, namely 11 persons (10,9%), did not answer this question, thereby indicating that they do not hold an opinion on this matter. Only 5,9% of respondents felt that no information could be shared.

6.6.4 Infrastructure could be shared

Table 6.14: Infrastructure could be shared

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative percentage</u>
Yes definitely	28	27,7	27,7
Yes	51	50,5	78,2
No	10	9,9	88,1
Not at all	1	1,0	89,1
Unanswered	11	10,9	100,0
Total	101	100,0	

The majority of respondents, namely 78,2%, feel that infrastructure could be shared if there were greater co-operation between the accounting bodies of Southern Africa. It should also be noted that quite a few respondents, namely 11 persons (10,9%), did not answer this question, thereby indicating that they do not hold an opinion on this matter.

6.6.5 It would enhance the professionalism of individual accounting bodies

Table 6.15: Professionalism would be enhanced

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
Yes definitely	39	38,6	38,6
Yes	51	50,5	89,1
No	4	4,0	93,1
Not at all	2	2,0	95,1
Unanswered	5	5,0	100,0
Total	101	100,0	

The majority of respondents, namely 89,1%, feel that the professionalism of individual accounting bodies would be enhanced if there were greater co-operation between the accounting bodies of Southern Africa.

6.6.6 Other reasons

Other possible reasons why greater co-operation between the accounting bodies of Southern Africa should be promoted were put forward by six different respondents. These comments were:

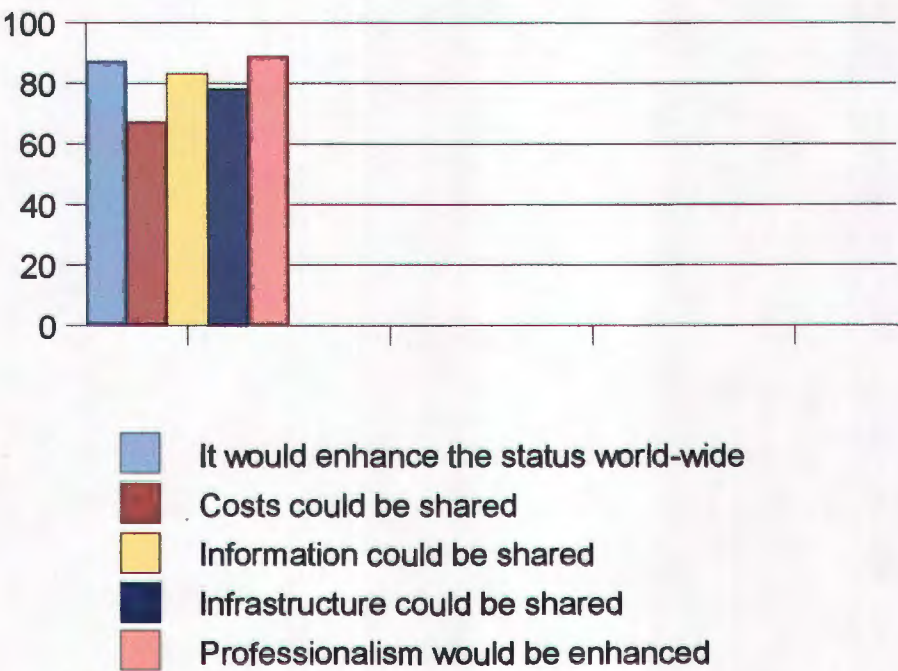
- “Harmonisation of standards”
- “Share common goal”

- “Would reduce the proliferation of accounting bodies performing similar functions”
- “Clients will be better served”
- “It would improve quality of the work provided by the industry”
- “We should share our knowledge”

6.6.7 Summary of reasons with their relative importance

The reasons why respondents felt that greater co-operation between the accounting bodies of Southern Africa should be promoted, with their relative importance, can best be represented by means of a bar chart

Figure 6.3: Reasons for a positive attitude towards greater co-operation expressed as a percentage



6.7 THE LEVEL OF CO-OPERATION ENVISAGED BETWEEN THE VARIOUS ACCOUNTING BODIES OF SOUTHERN AFRICA

A number of questions were asked of respondents regarding the level or type of co-operation that they envisaged. The results that were obtained have been analysed individually by means of a scale according to whether the respondents strongly agree, agree, disagree or strongly disagree, on the following matters:

- (1) Academic training should be harmonised
- (2) Practical training should be interchangeable between countries.
- (3) A single qualifying examination should be set for the whole region.
- (4) Qualified persons should be allowed free access to the whole region, after passing an examination focused on a specific country's laws.
- (5) Agreements should be reached with individual countries, regarding practical and academic training.
- (6) A system of dual membership should be instituted, one for the specific country in which the accountant is practising, and one for the region.

6.7.1 Academic training should be harmonised

Table 6.16: Academic training should be harmonised

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative percentage</u>
Strongly agree	39	38,6	38,6
Agree	56	55,4	94,1
Disagree	4	4,0	98,0
Strongly disagree	2	2,0	100,0
Total	101	100,0	

All the respondents answered this question. An absolute overwhelming majority, namely 94,1%, either strongly agree or agree that academic training should be harmonised. This is clearly what respondents want, despite the fact that even within countries academic training is not really harmonised. Clearly this overwhelming support for the harmonisation of academic training should not be ignored by any institution providing academic training.

6.7.2 Practical training should be interchangeable between countries

Table 6.17: Practical training should be interchangeable between countries

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
Strongly agree	21	20,8	20,8
Agree	68	67,3	88,1
Disagree	9	8,9	97,0
Strongly disagree	3	3,0	100,0
Total	101	100,0	

All the respondents answered this question. A very large majority, namely 88,1%, either strongly agree or agree that practical training should be interchangeable between countries.

6.7.3 A single qualifying examination should be set for the whole region

Table 6.18: A single qualifying examination should be set for the whole region

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
Strongly agree	20	19,8	19,8
Agree	55	54,5	74,3
Disagree	16	15,8	90,1
Strongly disagree	10	9,9	100,0
Total	101	100,0	

All respondents completed this question. A very large majority, namely 74,3%, either strongly agree or agree that a single qualifying examination should be set for the whole region.

6.7.4 Qualified persons should be allowed free access to the whole region, after passing an examination focused on a specific country's laws

Table 6.19: Qualified persons should be allowed free access to the whole region, after passing an examination focused on a specific country's laws

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative percentage</u>
Strongly agree	22	21,8	21,8
Agree	69	68,3	90,1
Disagree	7	6,9	97,0
Strongly disagree	3	3,0	100,0
Total	101	100,0	

All respondents answered this question. An overwhelming majority, namely 90,1%, either strongly agree or agree that qualified persons should be allowed free access to the whole region, after passing an examination focused on a specific country's laws.

6.7.5 Agreements should be reached with individual countries regarding practical and academic training

Table 6.20: Agreements should be reached with individual countries regarding practical and academic training

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
Strongly agree	23	22,8	22,8
Agree	72	71,3	94,1
Disagree	5	5,0	99,0
Strongly disagree	1	1,0	100,0
Total	101	100,0	

All respondents answered this question. An overwhelming majority, namely 94,1%, either strongly agree or agree that agreements should be reached with individual countries, regarding practical and academic training.

6.7.6 A system of dual membership should be instituted, one for the accountant and auditor's specific country, and one for the region

Table 6.21: A system of dual membership should be instituted, one for the accountant and auditor's specific country, and one for the region

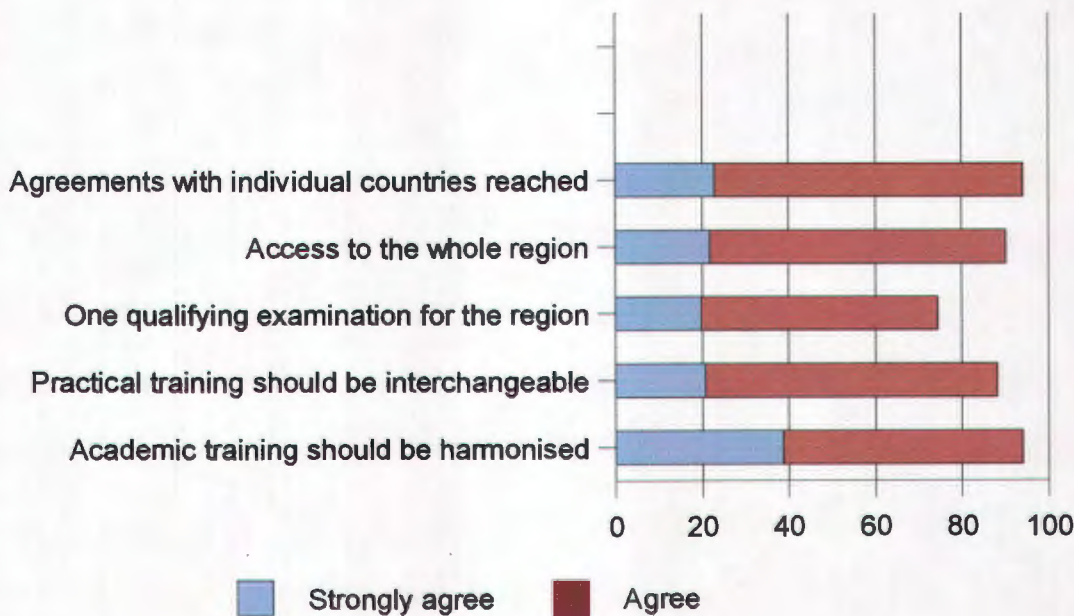
	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative Percentage</u>
Strongly agree	23	22,8	22,8
Agree	53	52,5	75,3
Disagree	20	19,8	95,1
Strongly disagree	4	4,0	99,1
Unanswered	1	1,0	100,0
Total	101	100,0	

One respondent did not answer this question. A large majority, namely 75,3%, either strongly agree or agree that a system of dual membership should be instituted, one for their specific country, and one for the region.

6.7.7 Summary of the level of co-operation envisaged between the various accounting bodies of Southern Africa

This information is best illustrated by representing it in the form of a bar chart, distinguishing between those respondents that strongly agree and agree on the level of co-operation that they envisage:

Figure 6.4: Summary of the level of co-operation envisaged



The items chartered accountants feel the most strongly about are that academic training should be harmonised and that agreements should be reached with individual countries, regarding practical and academic training. A large percentage, namely 94,1%, shares this view. Analysing it further, 38,6% “strongly agree” that academic training should be harmonised, making this the option supported by most.

The preference attracting the least support among the five portrayed in figure 6.4 is that a single qualifying examination should be set for the whole region, with 74,3% of respondents indicating that this course should be adopted.

6.8 FOCUSING ON THE INDIVIDUAL COUNTRIES OF SOUTHERN AFRICA

Questions were asked of respondents concerning the individual countries of Southern Africa. The questions asked were specified for each country, and were the following:

- (1) Would you like to be registered in: (list of Southern African countries) ?
- (2) Do you think there will be a need in the future for you to be registered in: (list of Southern African countries) ?
- (3) Do job opportunities in other Southern African countries currently exist ?
- (4) Do you think job opportunities in other Southern African countries will increase in future ?

The results of each of these questions are summarised in a table and in the form of a chart.

6.8.1 Would you like to be registered in the countries of Southern Africa

The respondents' answers to this question are given in the form of a table comprising an overview with regard to all the countries. A number of respondents did not answer this question, thereby indicating that they do not have an opinion on this matter, or do not really know.

Table 6.22: Responses to the question: "Would you like to be registered in the countries of Southern Africa", presented as a percentage

	YES	NO	UNANSWERED
	%	%	%
Angola	7,9	87,1	5,0
Botswana	28,7	69,3	2,0
Lesotho	27,7	69,3	3,0
Malawi	15,8	78,2	5,9
Mozambique	14,9	81,2	4,0
Namibia	35,6	62,4	2,0
Swaziland	31,7	67,3	1,0
Zambia	9,9	86,1	4,0
Zimbabwe	33,7	66,3	0,0

An analysis of table 6.22 makes it clear that the majority of respondents are not interested in certain countries like Angola (the lowest positive response of only 7,9%), Malawi, Mozambique and Zambia, which all obtained a positive response of less than 16%.

Countries like Namibia, Swaziland and Zimbabwe with relatively well-developed economies and well-established economic ties with South Africa got a more positive response. These countries all obtained positive responses from respondents of over 30%, with Namibia going as high as 35,6%. Namibia is also the country with the closest traditional links with South Africa.

6.8.2 Do you think there will be a need in future for you to be registered in the countries of Southern Africa?

This question is basically the same question as the question analysed in paragraph 6.7.1, except that this question focuses on the future, so that it refers to the expectations of respondents rather than their current opinions.

Respondents answered this question as indicated below, and in order to provide an overview the answers concerning all the countries are given in one table, in percentages. A number of respondents did not answer this question, indicating that they do not have an opinion on this matter, or do not really know.

Table 6.23: Responses to the question: Do you think there will be a need in future for you to be registered in the countries of Southern Africa?

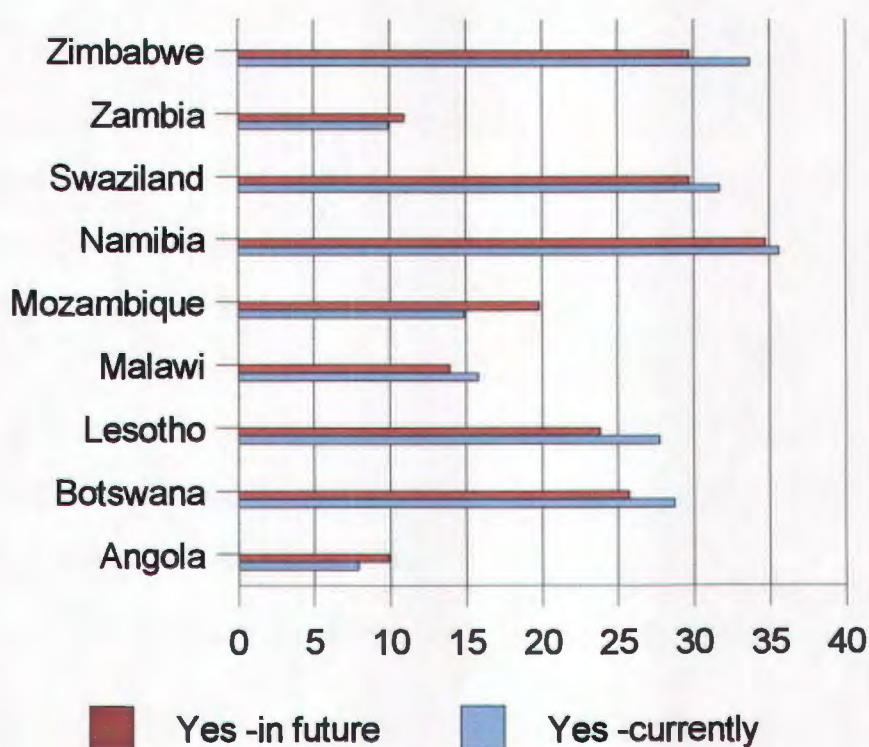
	YES	NO	UNANSWERED
	%	%	%
Angola	9,9	86,1	4,0
Botswana	25,7	71,3	3,0
Lesotho	23,8	73,3	3,0
Malawi	13,9	82,2	4,0
Mozambique	19,8	75,2	5,0
Namibia	34,7	62,4	3,0
Swaziland	29,7	68,3	2,0
Zambia	10,9	85,1	4,0
Zimbabwe	29,7	68,3	2,0

An analysis of table 6.23 makes it clear that the majority of respondents are not interested in countries like Angola (the lowest positive response of only 9,9%), Malawi, and Zambia, which all obtained a positive response of less than 14%.

Countries like Namibia, Swaziland and Zimbabwe with relatively well developed economies and well established economic ties with South Africa got a more positive response, with these countries all obtaining positive responses of over 29%, and Namibia even going as high as 34,7%.

As the difference between table 6.22 and table 6.23 basically lies in the aspect of the future perspective of respondents, combining these two tables in one bar chart highlights the difference between the two. This also shows whether there is any difference between the current situation and future expectations of respondents.

Figure 6.5: Responses to the question: Would you like to be registered in the countries of Southern Africa? - comparison between the current situation and the perceived future



There is only one country for which it is clear from the bar chart that respondents perceive a future need to be registered there that is substantially higher than the present situation and that is Mozambique. The figure for Mozambique went up from the current 14,9% to a perceived future need of 19,8%. This perspective coincides with the positive current economic upturn which Mozambique is experiencing.

6.8.3 Do job opportunities in other Southern African countries currently exist?

In table 6.24 an overview of the answers to the above question is given, with the current job opportunities as perceived by respondents given as percentages. In this specific question it was anticipated that respondents did not necessarily know the answer to this question as they might never have tried to work in any of the countries.

Table 6.24: Responses to the question: Do job opportunities in other Southern African countries currently exist?

	YES	NO	DO NOT KNOW	UNANSWERED
	%	%	%	%
Angola	6,9	8,9	82,2	2,0
Botswana	24,8	5,0	68,3	2,0
Lesotho	9,9	6,9	81,2	2,0
Malawi	4,0	7,9	84,2	4,0
Mozambique	17,8	5,0	75,2	2,0
Namibia	24,8	8,9	64,4	2,0
Swaziland	16,9	6,9	75,2	1,0
Zambia	5,9	6,9	85,1	2,0
Zimbabwe	17,8	5,0	76,2	1,0

An analysis of table 6.24 makes it clear that respondents do know about job opportunities in countries like Botswana and Namibia, with 24,8% of respondents replying positively regarding the availability of job opportunities in both these two countries. A surprisingly high percentage, namely 17,8% of respondents answered "Yes there are job opportunities in Mozambique". Again the same countries with a poor economic outlook, like Angola, Malawi and Zambia, are not perceived as being able to provide job opportunities. As expected, the percentage of respondents who indicated that they do not know was consistently high for all the countries.

6.8.4 Do you think job opportunities in other Southern African countries will increase in future?

To this question respondents answered as indicated below and in order to provide an overview responses concerning the different countries are given in one table. In this specific question it was anticipated that respondents did not necessarily know the answer to this question as they might not know the markets in these countries and therefore could not predict future growth prospects in any of the countries.

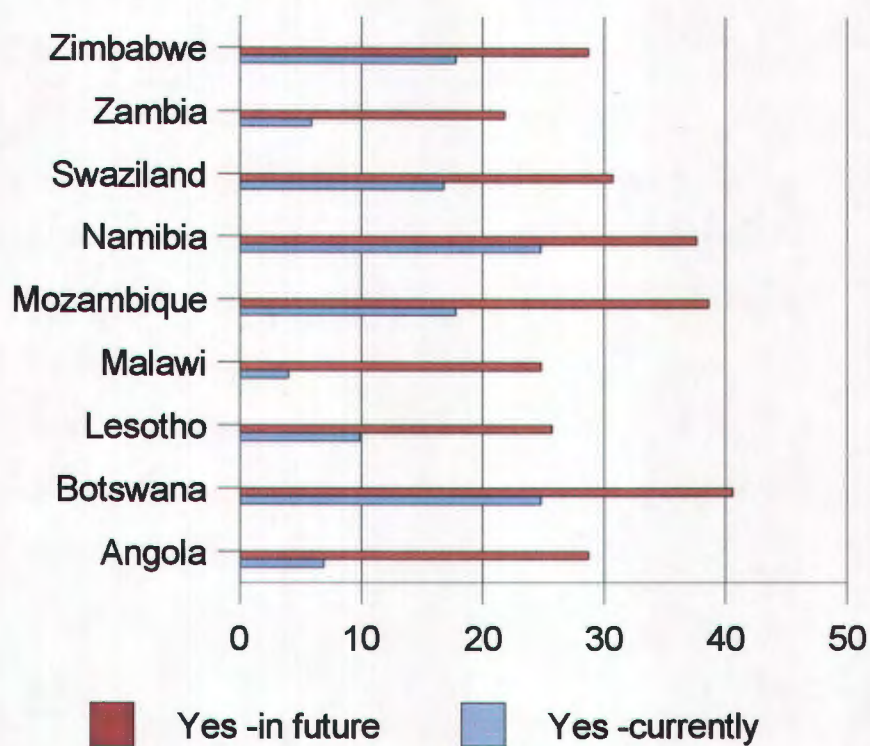
Table 6.25: Responses to the question: Do you think job opportunities in other Southern African countries will increase in future?

	YES	NO	DO NOT KNOW	UNANSWERED
	%	%	%	%
Angola	28,7	14,9	55,4	1,0
Botswana	40,6	11,9	47,5	0,0
Lesotho	25,7	17,8	56,4	0,0
Malawi	24,8	15,8	58,4	1,0
Mozambique	38,6	10,9	49,5	1,0
Namibia	37,6	14,9	46,5	1,0
Swaziland	30,7	14,9	54,5	0,0
Zambia	21,8	14,9	62,4	1,0
Zimbabwe	28,7	15,8	54,5	1,0

The negativity with regard to certain countries like Angola and Zambia is again evident, as in previous tables. Zambia obtained the lowest positive response with only 21,8% of respondents thinking that job opportunities in Zambia will increase in future. In contrast, Botswana got a 40,6% and Mozambique a 38,6% positive response to perceived future job opportunities.

The most striking feature of this table is how positive respondents are about the future of job opportunities in the countries of Southern Africa, especially in view of the current position regarding job opportunities in the region. This is highlighted by comparing the job opportunities that currently exist with the way job opportunities are perceived as likely to increase in future in the countries of Southern Africa.

Figure 6.6: Job opportunities in the countries of Southern Africa - comparison between the current situation and the perceived future opportunities (in percentages)



6.9 THE EXTENT TO WHICH QUALIFIED ACCOUNTANTS FROM OTHER SOUTHERN AFRICAN COUNTRIES SHOULD BE ALLOWED TO PRACTICE IN SOUTH AFRICA

Respondents were given the choice of the following alternatives, of which they could mark one or more alternatives. These alternatives were:

- (1) Yes, unconditionally.
- (2) Yes, after it has been established that the standard of their qualification is sufficiently high in comparison with that of South Africa.
- (3) Yes, if a conversion examination has been written on South African Law and Taxation.
- (4) Yes, only after a mutual recognition agreement has been entered into between specific individual countries.
- (5) No - they should requalify in South Africa.

This question was intended to measure the willingness of respondents to accommodate qualified accountants from other Southern African countries in South Africa. Their responses were as follows:

Table 6.26: Responses to the question: Should qualified accountants from other Southern African countries be allowed to practice in South Africa?

	<u>Frequency</u>	<u>Percentage</u>
Yes - unconditionally	1	1,0
Yes, after the standard has been established	59	58,4
Yes, after a conversion examination	57	56,4
Yes, after a mutual recognition agreement	45	44,6
No - they should requalify	12	11,9

Only one respondent thought that qualified accountants from other Southern African countries should be allowed to practice in South Africa unconditionally.

A full 58,4% of respondents felt that accountants from other Southern African countries should be allowed to practice in South Africa after it has been established that the standard of their qualification is sufficiently high in comparison with qualifications held by accountants in South Africa. South African accountants seem remarkably tolerant towards qualified accountants from other Southern African countries.

6.10 EXPECTATIONS REGARDING THE FUTURE MOVEMENT OF QUALIFIED PERSONNEL BETWEEN SOUTHERN AFRICAN COUNTRIES

This question established the perceived future expectations of qualified accountants regarding the movement of qualified accountants as well as the extent to which work in the region will depend upon an individual's ability to work across borders in the Southern African region. The replies are given in two tables.

Table 6.27: Movement of qualified accountants in the Southern African region will increase

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative percentage</u>
Yes	79	78,2	78,2
No	18	17,8	96,0
Unanswered	4	4,0	100,0
Total	101	100,0	

Table 6.28: Work in the Southern African region will increasingly depend upon an individual's ability to work across borders in the Southern African region

	<u>Frequency</u>	<u>Percentage</u>	<u>Cumulative percentage</u>
Yes	67	66,3	66,3
No	25	24,8	91,1
Unanswered	9	8,9	100,0
Total	101	100,0	

From these two tables it is clear that the respondents regard greater co-operation in future as a critical determinant of their ability to work in the Southern African region.

6.11 TESTING THE HYPOTHESES

6.11.1 Introduction

Daniel and Terrell (1995:321) define the purpose of hypothesis testing as follows:

The purpose of hypothesis testing, like that of estimation, is to help one reach a decision about a population by examining the data contained in a sample from that population.

Hypothesis testing can be broken down into steps. These steps break the hypothesis testing process into basic components of acts and decisions, making the process easier to understand. These steps are:

- (1) Statement of the hypothesis
- (2) Identification of the test statistic and its distribution
- (3) Specification of the significance level
- (4) Statement of the decision rule
- (5) Collection of the data and performance of the calculations
- (6) Making the statistical decision
- (7) Drawing a conclusion. (Daniel & Terrell 1995:321-322.)

These steps were not regarded as sacrosanct but are nevertheless followed in broad terms in this study in order to systemise hypothesis testing.

6.11.2 Statement of the hypothesis

Even though in first instance the purpose of this study was to establish the views of the registered chartered accountants and auditors on co-operation in the Southern African region between the various accounting bodies, a secondary purpose was to establish relationships between these views and the characteristics (personal information), if any, of the respondents. These views, with reasons, are discussed and analysed in previous sections of this chapter.

In this section relationships, if any, are analysed. The null hypothesis (H_0) and a corresponding alternative hypothesis (H_1) are formulated.

INDEPENDENT VARIABLES (PERSONAL INFORMATION):

- A. Number of years for which professional qualification has been held**
- B. Gender**
- C. Age**
- D. The size of the organisation that you work for**

HYPOTHESIS 1

Null: The belief that greater co-operation between the accounting bodies of Southern Africa should be promoted is not significantly different for the independent variables.

Alternative: The belief that greater co-operation between the accounting bodies of Southern Africa should be promoted is significantly different for the independent variables.

HYPOTHESIS 2

Null: The belief that academic training should be harmonised is not significantly different for the independent variables.

Alternative: The belief that academic training should be harmonised is significantly different for the independent variables.

HYPOTHESIS 3

Null: The belief that practical training should be interchangeable between countries is not significantly different for the independent variables.

Alternative: The belief that practical training should be interchangeable between countries is significantly different for the independent variables.

HYPOTHESIS 4

Null: The belief that one qualifying examination should be set for the whole region is not significantly different for the independent variables.

Alternative: The belief that one qualifying examination should be set for the whole region is significantly different for the independent variables.

HYPOTHESIS 5

Null: The belief that a system of dual membership should be instituted, one for the accountant or auditor's specific country and one for the region, is not significantly different for the independent variables.

Alternative: The belief that a system of dual membership should be instituted, one for the accountant or auditor's specific country and one for the region, is significantly different for the independent variables.

HYPOTHESIS 6

Null: The perception that future work in the region will increasingly depend upon an individual's ability to work across borders is not significantly different for the independent variables.

Alternative: The perception that future work in the region will increasingly depend upon an individual's ability to work across borders is significantly different for the independent variables.

HYPOTHESIS 7

Null: The perception that allowing qualified accountants from other Southern African countries to work in South Africa in practice will reduce one's own job opportunities is not significantly different for the independent variables.

Alternative: The perception that allowing qualified accountants from other Southern African countries to work in South Africa in practice will reduce one's own job opportunities is significantly different for the independent variables.

6.11.3 Identification of the test statistic

The chi-square (χ^2) test

Cooper and Emory (1995:447) as well as Leedy (1993:284) describe the chi-square (χ^2) test as probably the most widely used nonparametric test of significance. This test is particularly useful in tests involving nominal data but can also be used for higher scales. Typical, this test is described as specifically suitable where persons, events or objects are grouped into two or more nominal categories such as “yes-no”, “in favour-undecided-against”, or class “A,B,C or D.” This is exactly the type of question used in the questionnaire in this study. The chi-square test is considered appropriate as all the observed frequencies are independent of each other, such as the completion of a questionnaire by a respondent who has not been influenced by any other respondent.

This technique is used to test for significant differences between the *observed* distribution of data among categories and the *expected* distribution based upon the null hypothesis. When calculating the chi-square test the data must be classified into mutually exclusive categories, and the actual count are expressed in terms of frequencies (actual counts) and not percentages. The deviations of the actual frequencies in each category are compared with the hypothesised frequencies. The greater the difference between these, the less the probability that these differences can be attributable to chance. The value of χ^2 is the measure which expresses the extent of this difference.

The formula by which the χ^2 test is calculated is:

$$\chi^2 = \sum_{i=1}^k \frac{(O_i - E_i)^2}{E_i}$$

where

O_i = observed number of cases categorised in the i th category

E_i = expected number of cases in the i th category under H_0

k = the number of categories

Depending on the number of degrees of freedom, it must be certain that the numbers in each cell are large enough to make the chi-square test appropriate. To overcome this problem, expected frequencies can often be increased by combining adjacent categories. (Cooper & Emory 1995:448.) For example, in this study categories like - "Yes definitely" and "Yes" were often combined to obtain meaningful results.

If the differences between the observed frequencies and the expected frequencies are small, χ^2 will be small. The larger the divergence, the larger the χ^2 value. If the difference between observed and expected values is so large collectively so as to occur by chance only 0,05 or less of the time when the null hypothesis is true, the null hypothesis is rejected. This significant level is described in paragraph 6.11.4.

6.11.4 Specification of the significance level for the chi-square test

A significance level is necessary in order to reject the null hypotheses and accept the alternatives.

A significance level of 0,10 means there is a 10 % chance of erroneously rejecting the null hypothesis. This factor is the degree of risk of incorrectly concluding that the null hypothesis is false. It is imperative that the researcher (decision-maker) selects the level of significance with care. By making the significance level 0,05 the probability of rejecting the null hypothesis when it happens to be true is fairly small. The researcher may use any desired level of significance in making a statistical test, but 0,05 tends to be the value most often used in practice. (Weiers 1995:413.) A significance level of 0,10 seemed appropriate in this study because a 10% significance level is sufficient to indicate relationships between variables.

In instances where the significance level was smaller than 0,05 it was highlighted in the results of the hypothesis testing.

6.11.5 Performance of the calculations

The SPSS program, release 6.1 (Statistical Package for the Social Sciences) was used to perform the chi-square (χ^2) test. These results are first analysed and then summarised and conclusions are drawn in the next section.

6.11.6 Results of the hypothesis testing

This section is concerned with the results of testing the hypothesis on the perception that greater co-operation in the training and accreditation of accountants in South Africa does not differ by the length of time for which the professional qualification was held, gender, age or the size of the organisation in which the respondents were employed.

It should also be noted here that the first hypothesis for each category is tested against all the respondents, i.e. the respondents who answered "Yes" as well as the respondents who answered "No". The rest of the hypotheses are only tested against the respondents who answered "Yes" as the respondents who answered "No" did not answer the other questions in the questionnaire.

A. Differences by the length of the period for which qualifications have been held

For the purpose of these tests the period qualified is split into three categories, the first being a period of nil to twelve years, the second a period from thirteen to twenty-five years and the third period in the category twenty years and more.

B. Independent variable : gender

C. Independent variable : age

For the purposes of these tests the different age groups were split into three categories, the first being thirty-five years and younger, the second group thirty-six to fifty years and the third group fifty-one years and older.

D. Independent variable : the size of the organisation that you work for

The questionnaire was split into three groups according to the number of employees in the organisation. The first group was classified as small with 0 - 30 workers, the second group as medium with 31 - 150 workers and the third group as large, with more than 150 workers in the organisation.

HYPOTHESIS 1

Null: The belief that greater co-operation between the accounting bodies of Southern Africa should be promoted is not significantly different for the independent variables.

A. Different lengths of periods for which qualifications have been held

Result: Null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 4,29409$ with $p = 0,11683$. As $p \geq 0,10$ a significant

relationship **does not exist** between the belief that greater co-operation between the accounting bodies of Southern Africa should be promoted and the different lengths of the periods for which the respondents have been qualified (question 1 and question 7.1).

B. Independent variable : gender

Result: The null hypothesis is rejected.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 7,42377$ with $p = 0,00644$. As $p \leq 0,10$, a significant relationship **exists** between the belief that greater co-operation between the accounting bodies of Southern Africa should be promoted and the different gender groups (question 1 and question 7.2).

The results of the test are presented in table 6.29:

Table 6.29: Results of the chi-square test of independence regarding the belief that greater co-operation between the accounting bodies of Southern Africa should be promoted is not significantly different for the different gender groups.

Gender	Yes	No
Male	96,9%	80,0%
Female	3,1%	20,0%
	100,0%	100,0%

The significance level in this instance is even in the order of $p \leq 0,05$, thus indicating that the possibility of there not being a significant level of a relationship is less than 5%.

The chi-square test indicates that females are more inclined than males to be against the idea that greater co-operation between the accounting bodies of Southern Africa should be promoted. Males are far more in favour of co-operation in the Southern African region.

C. Independent variable : age

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 0,14659$ with $p = 0,92933$. As $p \geq 0,10$ a significant

relationship **does not exist** between the belief that greater co-operation between the accounting bodies of Southern Africa should be promoted and the different age groups (question 1 and question 7.3).

D. Independent variable : the size of the organisation that you work for

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 3,86802$ with $p = 0,14457$. As $p \geq 0,10$ a significant relationship **does not exist** between the belief that greater co-operation between the accounting bodies of Southern Africa should be promoted and the different sizes of the organisation that the respondents work for (question 1 and question 8.2).

HYPOTHESIS 2

Null: The belief that academic training should be harmonised is not significantly different for the independent variables.

A. Different lengths of periods for which qualifications have been held

Result: Null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 1,36602$ with $p = 0,50510$. As $p \geq 0,10$ a significant relationship **does not exist** between the belief that academic training should be harmonised and the different lengths of the periods for which respondents have been qualified (question 2.2 and question 7.1).

B. Independent variable : gender

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 0,20183$ with $p = 0,65325$. As $p \geq 0,10$, a significant relationship **does not exist** between the belief that academic training should be harmonised and the different gender groups (question 2.2 and question 7.2).

C. Independent variable : age

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 1,29408$ with $p = 0,52359$. As $p \geq 0,10$ a significant relationship **does not exist** between the belief that academic training should be harmonised and the different age groups (question 2.2 and question 7.3).

D. Independent variable : the size of the organisation that you work for

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10 level of significance, the value of $\chi^2 = 2,68584$ with $p = 0,26108$. As $p \geq 0,10$ a significant relationship **does not exist** between the belief that academic training should be harmonised and the different sizes of the organisation that the respondents work for (question 2.2 and question 8.2).

HYPOTHESIS 3

Null: The belief that practical training should be interchangeable between countries is not significantly different for the independent variables.

A. Different lengths of periods for which qualifications have been held

Result: Null hypothesis is rejected.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 5,57036$ with $p = 0,06172$. As $p \leq 0,10$ a significant relationship **exists** between the belief that practical training should be interchangeable between countries and the different lengths of the periods for which qualifications have been held (question 2.3 and question 7.1). The longer the period for which respondents have held

their professional qualifications, the stronger their belief that practical training should be interchangeable between the countries of Southern Africa.

The results of the test are presented in table 6.30:

Table 6.30: Results of the chi-square test of independence regarding the belief that practical training should be interchangeable between countries is not significantly different for the different lengths of the periods for which qualifications have been held.

Qualifications were held for:	Agree	Disagree
A period of nil to twelve years	47,1%	83,3%
A period from thirteen to twenty-five years	20,7%	8,3%
A period in the category twenty years and more	32, %	8,3%
	100,0%	100,0%

B. Independent variable : gender

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 1,28081$ with $p = 0,25775$. As $p \geq 0,10$, a significant relationship **does not exist** between the belief that practical training should be

interchangeable between countries and the different gender groups (question 2.3 and question 7.2).

C. Independent variable : age

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 3,18403$ with $p = 0,20352$. As $p \geq 0,10$ a significant relationship **does not exist** between the belief that practical training should be interchangeable between countries and the different age groups (question 2.3 and question 7.3).

D. Independent variable : the size of the organisation that you work for

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 1,37966$ with $p = 0,50166$. As $p \geq 0,10$ a significant relationship **does not exist** between the belief that practical training should be interchangeable between countries and the different sizes of the organisation the respondents work for (question 2.3 and question 8.2).

HYPOTHESIS 4

Null: The belief that one qualifying examination should be set for the whole region is not significantly different for the independent variables.

A. Different lengths of periods for which qualifications have been held

Result: Null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 0,62303$ where $p = 0,73234$. As $p \leq 0,10$ a significant relationship **does not exist** between the belief that one qualifying examination should be set for the whole region and for the different periods for which the respondents have held their qualifications (question 2.4 and question 7.1).

Even though the relationship was not significant, there was nevertheless a tendency that the longer the period for which respondents had held their professional qualifications, the stronger their belief that practical training should be interchangeable between the countries of Southern Africa.

B. Independent variable : gender

Result: The null hypothesis is accepted.

The result of the chi-square test of independence indicates that at a 10% level of significance, the value of $\chi^2 = 0,07347$ with $p = 0,78634$. As $p \geq 0,10$, a significant relationship **does not exist** between the belief that one qualifying examination should be set for the whole region and the different gender groups (question 2.4 and question 7.2).

C. Independent variable : age

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 1,97343$ with $p = 0,37280$. As $p \geq 0,10$ a significant relationship **does not exist** between the belief that one qualifying examination should be set for the whole region and the different age groups (question 2.4 and question 7.3).

D. Independent variable : the size of the organisation that you work for

Result: Null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 0,45352$ with $p = 0,79711$. As $p \geq 0,10$, a significant relationship **does not exist** between the belief that one qualifying examination should be set

for the whole region and the different sizes of the organisation the respondents work for (question 2.4 and question 8.2).

HYPOTHESIS 5

Null: The belief that a system of dual membership should be instituted, one for the respondent's specific country and one for the region, is not significantly different for the independent variables.

A. Different lengths of periods for which qualifications have been held

Result: Null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 2,69452$ with $p = 0,25995$. As $p \geq 0,10$ a significant relationship **does not exist** between the belief that a system of dual membership should be instituted, one for the accountant and auditor's specific country and one for the region, and the different periods for which qualifications have been held by the respondents (question 2.7 and question 7.1).

B. Independent variable : gender

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 1,01778$ with $p = 0,31305$. As $p \geq 0,10$ a significant relationship **does not exist** between the belief that a system of dual membership should be instituted, one for the respondent's specific country and one for the region, and the different gender groups (question 2.7 and question 7.2).

C. Independent variable : age

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 2,17960$ with $p = 0,33628$. As $p \geq 0,10$ a significant relationship **does not exist** between the belief that a system of dual membership should be instituted, one for the respondent's specific country and one for the region, and the different age groups (question 2.7 and question 7.3).

D. Independent variable : the size of the organisation that you work for

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 0,38718$ with $p = 0,82400$. As $p \geq 0,10$, a significant relationship **does not exist** between the belief that a system of dual membership should be instituted, one for the accountant and auditor's specific country and one for the region, and the different sizes of the organisation the respondents work for (question 2.7 and question 8.2).

HYPOTHESIS 6

Null: The perception that future work in the region will increasingly depend upon an individual's ability to work across borders is not significantly different for the independent variables.

A. Different lengths of periods for which qualifications have been held

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 1,75426$ with $p = 0,41597$. As $p \geq 0,10$ a significant relationship **does not exist** between the perception that future work in the region will

increasingly depend upon an individual's ability to work across borders and the different periods for which qualifications have been held (question 5.2 and question 7.1).

B. Independent variable : gender

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 0,06391$ with $p = 0,80043$. As $p \geq 0,10$ a significant relationship **does not exist** between the perception that work in the region will in future increasingly depend upon an individual's ability to work across borders and the different gender groups (question 5.2 and question 7.2).

C. Independent variable : age

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 0,53320$ with $p = 0,76598$. As $p \geq 0,10$ a significant relationship **does not exist** between the perception that work in the region will in future increasingly depend upon an individual's ability to work across borders and the different age groups (question 5.2 and question 7.3).

D. Independent variable : the size of the organisation that you work for

Result: The null hypothesis is rejected.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 10,71026$ with $p = 0,00472$. As $p \leq 0,10$, a significant relationship **does exist** between question 5.2 and question 8.2. As a matter of fact, the significance level in this instance is even in the order of $p \leq 0,05$, thus indicating that the possibility of there not being a significant level of a relationship is smaller than 5%.

It is therefore concluded that the perception that work in the region will in future increasingly depend upon an individual's ability to work across borders is significantly different for the different sizes of the organisation the respondents work for.

The results of the test are presented in table 6.31:

Table 6.31: The result of the chi-square test of independence regarding the perception that work in the region will in future increasingly depend upon an individual's ability to work across borders are not significantly different for the different sizes of the organisation the respondents work for.

Size of the organisation	0-30 workers	31-150 workers	more than 150 workers
Yes	60,9%	87,5%	100,0 %
No	39,1%	12,5%	0,0%
	100,0%	100,0%	100,0%

The tests indicate that the larger the organisation the respondents work for, the stronger their feeling that work in the region will in future depend upon an individual's ability to work across borders. This will probably be true as it is mainly the large firms that are spread over large geographical areas that are in a position to exploit work opportunities in other countries of Southern Africa.

HYPOTHESIS 7

Null: The perception that allowing qualified accountants from other Southern African countries to work in South Africa in practice will reduce one's own job opportunities is not significantly different for the independent variables.

A. Different lengths of periods for which qualifications have been held

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 2,08772$ with $p = 0,35209$. As $p \geq 0,10$, a significant relationship **does not exist** between the perception that allowing qualified accountants from other Southern African countries to work in South Africa in practice will reduce one's own job opportunities and the different number of years for which professional qualifications have been held (question 6 and question 7.1).

B. Independent variable : gender

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 0,03009$ with $p = 0,86229$. As $p \geq 0,10$ a significant relationship **does not exist** between the perception that allowing qualified accountants from other Southern African countries to work in South Africa in practice will reduce one's own job opportunities and the different gender groups (question 6 and question 7.2).

C. Independent variable : age

Result: The null hypothesis is rejected.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 7,26069$ with $p = 0,02651$. As $p \leq 0,10$ a significant relationship **does exist** between the perception that allowing qualified accountants from other Southern African countries to work in South Africa in practice will reduce one's own job opportunities and the different age groups (question 6 and question 7.3). As a matter of fact, the significance level in this instance is even in the order of $p \leq 0,05$, thus indicating that the possibility of there not being a significant level of a relationship is less than 5%.

The results of the test are presented in tabular format in percentages:

Table 6.32: Results of the chi-square test of independence regarding the perception that allowing qualified accountants from other Southern African countries to work in South Africa in practice will reduce one's own job opportunities is not significantly different for the different age groups.

Age group	Yes	No
Thirty-five years and younger	53,8%	32,3%
Thirty-six to fifty years	11,5%	40,0%
Fifty-one years and older	34,6%	27,7%
	100,0	100,0%

The tests indicate that the younger the respondents are the stronger the belief that allowing qualified accountants from other Southern African countries to work in South Africa in practice will reduce their own job opportunities.

D. Independent variable : the size of the organisation that you work for

Result: The null hypothesis is accepted.

The results of the chi-square test of independence indicate that at a 10% level of significance, the value of $\chi^2 = 3,91531$ with $p = 0,14119$. As $p \geq 0,10$, a significant relationship **does not exist** between the perception that allowing qualified accountants from other Southern African countries to work in South Africa in practice will reduce one's own

job opportunities and the different sizes of the organisation that you work for (question 6 and question 8.2).

6.11.7 Summary of the results of the hypothesis testing

Table 6.33 details the significance levels of the statistical analysis used in the hypothesis testing and shows whether the hypotheses were accepted or rejected. It should be borne in mind that in order to reject the null hypothesis and accept the alternative as being true, a level of significance less than or equal to 0,10 was deemed to be necessary.

Table 6.33: Summary of the results of the hypothesis testing

		Null hypothesis	Significance level
H_1	Greater co-operation in region		
A	Lengths of periods for which qualifications have been held	Accepted	0,11683
B	Gender	Rejected	0,00644
C	Age	Accepted	0,92933
D	Size of the organisation	Accepted	0,14457
H_2	Academic training harmonised		
A	Lengths of periods for which qualifications have been held	Accepted	0,50510
B	Gender	Accepted	0,65325
C	Age	Accepted	0,52359
D	Size of the organisation	Accepted	0,26108

<i>H₃</i>	Practical training interchangeable		
A	Lengths of periods for which qualifications have been held	Rejected	0,06172
B	Gender	Accepted	0,25775
C	Age	Accepted	0,20352
D	Size of the organisation	Accepted	0,50166
<i>H₄</i>	One qualifying examination		
A	Lengths of periods for which qualifications have been held	Accepted	0,73234
B	Gender	Accepted	0,78634
C	Age	Accepted	0,37280
D	Size of the organisation	Accepted	0,79711
<i>H₅</i>	A system of dual membership		
A	Lengths of periods for which qualifications have been held	Accepted	0,25995
B	Gender	Accepted	0,31305
C	Age	Accepted	0,33628
D	Size of the organisation	Accepted	0,82400
<i>H₆</i>	Work depends on ability to cross borders		
A	Lengths of periods for which qualifications have been held	Accepted	0,41597
B	Gender	Accepted	0,80043
C	Age	Accepted	0,76598
D	Size of the organisation	Rejected	0,00472

H₇	Will reduce one's own job opportunities		
A	Lengths of periods for which qualifications have been held	Accepted	0,35209
B	Gender	Accepted	0,86229
C	Age	Rejected	0,02651
D	Size of the organisation	Accepted	0,14119

6.12 CONCLUSION

The data collected by means of the research questionnaire as appended in Annexure two, are analysed and presented in chapter six.

An irrefutable observation from the study is that South African chartered accountants and auditors in public practice are in favour of and support the notion of greater co-operation in the Southern African region. An overwhelming 86,3% of respondents are in favour of greater co-operation, with only 13,7% against the notion. Even though this support varied according to the number of years qualified, gender, age and the size of the organisation that respondents worked for, the amount of support is relatively constant. Only the hypothesis regarding greater co-operation where gender is the independent variable was rejected, with women showing a marked resistance to greater co-operation in the Southern African region.

The respondents who are against greater co-operation cited the three most important reasons for being against it as: quality of education will be lost, professional status will diminish and organisational costs will become excessive. The aspects of loss of quality of education and diminution of professional status are closely related.

The respondents in favour of greater co-operation cited the three most important reasons for a positive attitude towards greater co-operation in the Southern African region as: professionalism would be enhanced, it would enhance the status of the profession world-wide and information could be shared.

Another reason that is also clearly highlighted by respondents is the fact that they believe that the needs of clients will be better served if greater co-operation in the region became a reality. This aspect is very important for a profession that is totally dependent on its clients' needs in an increasingly competitive environment.

As regards the type of co-operation respondents prefer, and therefore the way their own professional controlling body should go in future, the three most important aspects mentioned are that agreements with individual countries should be reached regarding aspects such as the interchangeability of practical training as well as the greater standardisation of academic training. A single qualifying examination for the region is even envisaged by 54,5% of respondents who are in favour of greater co-operation in the Southern African region.

Chapter seven is devoted to a summary of the research results, which are analysed in chapter six, and it also contains some overall conclusions incorporating conclusions from chapters two, three, four and five about co-operation in the Southern African region. In addition, chapter seven discusses suggestions for future research on the subject of possible co-operation in the Southern African region.

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CHAPTER SEVEN

SUMMARY, RESULTS, RECOMMENDATIONS AND CONCLUSIONS

- 7.1 Introduction
- 7.2 General profiles of the countries of Southern Africa
- 7.3 Co-operation in the international accountancy field, with particular reference to the accounting profession in Southern Africa
- 7.4 Research done
- 7.5 Research findings
- 7.6 Suggested future strategies
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- 7.8 Conclusions

CHAPTER SEVEN

SUMMARY, RESULTS, RECOMMENDATIONS AND CONCLUSIONS

7.1 INTRODUCTION

This chapter summarises, analyses and evaluates the research findings on the possibilities of co-operation between the accounting bodies of Southern Africa. It commences with a short overview of the countries of Southern Africa and of co-operation in the international accountancy field. This is followed by a synoptic account of the profession of accountancy in Southern Africa.

The research findings on the opinions of the South African registered chartered accountants and auditors in public practice are summarised in a fair amount of detail, with a summary of the hypothesis testing.

Finally, conclusions are drawn, and recommendations and possible future research suggestions are made.

7.2 GENERAL PROFILES OF THE COUNTRIES OF SOUTHERN AFRICA

Situated as it is at the Southernmost tip of Africa, South Africa is geographically part of Africa. South African trade with Africa is growing at a tremendous rate and simply as a result of the shared borders and shared locality this trade and movement of people will in all probability continue to increase. Better co-operation in all fields of education and specifically accountancy education could reinforce these trends. The fact that English is an official language in eight of these countries makes it far easier to establish cultural and academic links. With much of South Africa's political problems resolved now seems a likely time to strengthen existing ties in the region.

7.3 CO-OPERATION IN THE INTERNATIONAL ACCOUNTANCY FIELD, WITH PARTICULAR REFERENCE TO THE ACCOUNTING PROFESSION IN SOUTHERN AFRICA

The world is moving towards harmonised, internationalised accounting standards. This is in effect a reflection of a globalised economy, in which multinational corporations are playing an increasingly important role and there has been a growth in foreign direct investment. The accounting profession itself has had to keep pace with this trend and in the process a growing network of firm, international partnerships has been established. The internationalisation of accounting education obviously cannot be allowed to lag too far behind in this process of internationalisation. This could take the form of international

accounting firms sending workers to other countries or workers themselves seeking employment in other countries to gain experience otherwise not obtainable. In the southern African subregion, apart from their close proximity, there is the further consideration that Botswana, Lesotho, Malawi, South Africa, Swaziland, Zambia and Zimbabwe practise accountancy based on the British-North American Dutch model. Therefore the basis on which accountancy is taught in these countries is the same. These factors create an opportunity for closer co-operation in accounting education in the southern African region.

An analysis of the professional structures of the countries of Southern Africa has revealed the following:

- (1) The South African Institute of Chartered Accountants is by far the biggest professional association in the region, purely taking into account the number of members; therefore, it also dominates the region as a result of the extent of its available resources.
- (2) Some countries have very few members, and therefore tend to rely on South Africa or, alternatively, on institutes in the United Kingdom, with which the countries, which are ex-colonies of the United Kingdom, have traditional ties.
- (3) Most countries in the region already acknowledge each other's qualifications, especially the South African qualifications.
- (4) Many countries in the region, notably Namibia and Zimbabwe, are already partially dependent on South African universities to supply quality education.

- (5) The examinations of the second largest institute of accountants in the region, namely that of Zimbabwe, are already partially based on the South African examinations. This is also true for Namibia.

In view of the fact that many countries in the region are already focused academically on South Africa, it appears likely that South Africa's status would be advanced if the current interdependence in the region were to be formalised.

7.4 RESEARCH DONE

In view of the above findings it was decided to send a questionnaire to a sample of the South African registered accountants and auditors in public practice in order to obtain members' opinions on the possibilities of greater co-operation in the Southern African region. The results of the questionnaire were then summarised and analysed and certain conclusions were drawn.

7.5 RESEARCH FINDINGS

From the results of the questionnaire it became clear that by far the majority of public chartered accountants and auditors, namely 86,3 %, are in favour of co-operation between the accounting bodies of Southern Africa.

The reasons why respondents are of the opinion that greater co-operation between the accounting bodies of Southern Africa should be promoted, with their relative importance, are as follows:

- (1) It would enhance the status of the individual accounting bodies of Southern Africa throughout the world, - 87,2 % of respondents indicated a positive response.
- (2) The cost of projects like examination setting could be shared - 67,3 % of respondents indicated a positive response.
- (3) Information could be shared - 83,2 % of respondents responded positively.
- (4) Infrastructure could be shared - 78,2 % of respondents indicated a positive response.
- (5) It would enhance the professionalism of individual accounting bodies. Here 89,1% of respondents responded positively.

The reasons why a number of respondents are of the opinion that greater co-operation between the accounting bodies of Southern Africa should not be promoted are that they fear that the quality of education would be compromised, that professional status would be diminished, organisational costs would become excessive, and to a lesser extent they fear that competition would become too great with a resultant loss of job opportunities. Only 13,7 % of respondents are against the idea of greater co-operation between accounting bodies in the Southern African region.

On the question of how greater co-operation should be effected, it was found that 94,1 % of respondents indicated that academic training should be harmonised, with an equally high percentage of respondents, namely 88,1 % of respondents, believing that practical training should be interchangeable between countries. Other forms of co-operation are also viewed positively, with 74,3% of respondents holding the view that a single qualifying examination should be set for the whole region, and 90,1% of respondents concluding that qualified persons should be allowed free access to the whole region, after passing an examination focused on a specific country's laws.

It was found from the hypothesis testing that the support for greater co-operation varied very little according to the number of years qualified, gender, age and the size of the organisation which respondents worked for. Of the 28 hypotheses tested, only four were rejected, indicating that public chartered accountants and auditors in South African do hold fairly similar views on the issues tested in the questionnaire.

7.6 SUGGESTED FUTURE STRATEGIES

The rational, well-founded results achieved by this study should be a clear indication to the Public Accountants' and Auditors' Board and its members that South African public accountants and auditors are overwhelmingly in support of greater co-operation in the Southern African region. Certain reservations were nevertheless identified, such as the fear of loss of quality education and the fear of loss of status of the profession internationally.

It is suggested that the Public Accountants' and Auditors' Board should increase its efforts to establish lasting and meaningful agreements with the countries of Southern Africa and extend and expand current agreements reached as soon as possible, especially in the following fields:

- Harmonisation of academic training.
- Interchangeability of practical training between countries.
- The setting of a single qualifying examination for the region.
- Free access to the region, after passing an examination focused on a specific country's laws.
- A system of dual membership should be instituted, one for the accountant and auditor's specific country, and one for the region.

7.7 SUGGESTIONS FOR FUTURE RESEARCH

This study had a distinctly South African slant in that questionnaires were sent to members of the South African Public Accountants' and Auditors' Board. It is suggested that the same study, suitably adapted for specific countries, should also be carried out in other Southern African countries, starting with Zimbabwe and Namibia. This will establish whether members in those countries hold the same views as their South African counterparts, with the same or different reservations. Concomitant strategies can then be formulated and enhanced, taking account of such findings as well.

A thorough study should also be conducted of the standard of accounting education in different Southern African countries to dispel possible fears about a loss of quality in the education of accountants and auditors.

Consideration should also be given to the possibility of greater co-operation with other countries in Africa with which trade agreements have already been concluded, such as the Southern African Development Community (SADC).

On-going research is essential if any academic discipline is to flourish and survive. In this regard accountancy as a philosophy can be no exception. Research into issues of a South African nature or, in a broader sense, African issues, is in its infancy and requires nurturing to the fullest extent possible.

7.8 CONCLUSIONS

South Africa has indissoluble ties with the other countries of Southern Africa as a result of their locality on the southern tip of Africa. Other factors, such as a common language like English, trade links and in some instances even shared cultural and historical ties, make it unavoidable that South Africa will focus more and more on Africa and its immediate neighbours. Recent political developments have enhanced this process.

The above trend is also evident among members of the Public Accountants' and Auditors' Board of South Africa, who show overwhelming support for greater co-operation between the countries of Southern Africa. It was found that 86,3% of respondents are in favour of greater co-operation in the Southern African region between the various accounting bodies of the different countries. The specific areas identified where co-operation should be enhanced are academic training, which it was felt should be harmonised and practical training, which should be interchangeable between countries. It was also established that there is a strong belief among members that agreements with individual countries should be reached, in the interests of equity and equality for the members of the profession in the countries concerned.

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APPENDIX ONE

COVERING LETTER TO THE QUESTIONNAIRE

Frank Doussy
489 Ridgeview Road
Waterkloof Ridge X 2
0181

FIELD(name)
FIELD(address)

DATE

Dear FIELD(name)

Re: Questionnaire regarding attitudes towards greater co-operation in the training and accreditation of accountants in Southern Africa.

The objective of this survey is to develop a detailed understanding of the attitudes of members of the Public Accountants' and Auditors' Board towards greater co-operation between the various accounting bodies of Southern Africa.

This survey aims to identify your needs in this respect. By completing this questionnaire you could influence the level of co-operation, or alternatively, the lack of co-operation that you may experience in future with the countries in Southern Africa.

Your identity will remain undisclosed.

Please complete and return this questionnaire in the enclosed prepaid envelope. You are most welcome to phone Prof Frank Doussy of the Department of Accountancy at Unisa (tel (012) 4294776 or 0833061390) if you need more information.

We value your input.

Prof JH Martins
DIRECTOR

APPENDIX TWO

QUESTIONNAIRE FOR THIS STUDY

Questionnaire regarding attitudes towards greater co-operation in the training and accreditation of accountants in Southern Africa

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☛ Please indicate your answer by ticking (✓) the relevant square.

1. Do you believe greater co-operation between accounting bodies of Southern Africa should be promoted?

Yes

1

No

2

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If YES, please complete the remainder of the questionnaire, except question 1.2 (a).

If No, please complete question 1.2 (a) and question 7, 8 and 9.

- 1.2(a) If NO, why should greater co-operation between accounting bodies of Southern Africa **not** be promoted?

	Yes d e f i - nitely	Yes	No	Not at all
(i) Quality of education will be lost	1	2	3	4
(ii) Professional status will be diminished	1	2	3	4
(iii) Competition will become too great, with a resultant loss of job opportunities.	1	2	3	4
(iv) Organisational costs will become excessive	1	2	3	4
(v) Other (please specify) _____ _____ _____	1	2	3	4

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1.2(b) If YES, why should greater co-operation between accounting bodies of Southern Africa be promoted ?

	Yes defi- nitely	Yes	No	Not at all		
(i) It would enhance the status of the individual accounting bodies of Southern Africa, worldwide.	1	2	3	4		10
(ii) Costs could be shared regarding projects like examination setting.	1	2	3	4		11
(iii) Information could be shared.	1	2	3	4		12
(iv) Infrastructure could be shared.	1	2	3	4		13
(v) It would enhance the professionalism of individual accounting bodies	1	2	3	4		14
(vi) Other (please specify) _____ _____ _____	1	2	3	4		15

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2. To what extent do you agree / disagree with the statements below with regard to the level of co-operation between the various accounting bodies of Southern Africa ?

		Strongly agree	Agree	Disagree	Strongly disagree		
2.1	There should be no co-operation between the countries of Southern Africa	1	2	3	4		16
2.2	Academic training should be harmonised.	1	2	3	4		17
2.3	Practical training should be interchangeable between countries.	1	2	3	4		18
2.4	One qualifying examination should be drawn up for the whole region.	1	2	3	4		19
2.5	Qualified persons should be allowed free access to the whole region, after passing an exam focused on a specific country's laws.	1	2	3	4		20
2.6	Agreements should be reached with individual countries, regarding practical and academic training.	1	2	3	4		21
2.7	A system of dual membership should be instigated, one for your specific country, and one for the region.	1	2	3	4		22

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3. Indicate your personal need to be qualified to practise in another Southern African country. Please indicate your answer for each country listed.

3.1	Would you like to be registered in:	Yes	No		
	▶ Angola	1	2		23
	▶ Botswana	1	2		24
	▶ Lesotho	1	2		25
	▶ Malawi	1	2		26
	▶ Mozambique	1	2		27
	▶ Namibia	1	2		28
	▶ Swaziland	1	2		29
	▶ Zambia	1	2		30
	▶ Zimbabwe	1	2		31
3.2	Do you think there will be a need in the future for you to be registered in:	Yes	No		
	▶ Angola	1	2		32
	▶ Botswana	1	2		33
	▶ Lesotho	1	2		34
	▶ Malawi	1	2		35
	▶ Mozambique	1	2		36
	▶ Namibia	1	2		37
	▶ Swaziland	1	2		38
	▶ Zambia	1	2		39
	▶ Zimbabwe	1	2		40

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3.3	Do job opportunities in other Southern African countries currently exist?	Yes	No	Don't know		
	▸ Angola	1	2	3		41
	▸ Botswana	1	2	3		42
	▸ Lesotho	1	2	3		43
	▸ Malawi	1	2	3		44
	▸ Mozambique	1	2	3		45
	▸ Namibia	1	2	3		46
	▸ Swaziland	1	2	3		47
	▸ Zambia	1	2	3		48
	▸ Zimbabwe	1	2	3		49
3.4	Do you think job opportunities in other Southern African countries will increase in future?	Yes	No	Don't know		
	▸ Angola	1	2	3		50
	▸ Botswana	1	2	3		51
	▸ Lesotho	1	2	3		52
	▸ Malawi	1	2	3		53
	▸ Mozambique	1	2	3		54
	▸ Namibia	1	2	3		55
	▸ Swaziland	1	2	3		56
	▸ Zambia	1	2	3		57
	▸ Zimbabwe	1	2	3		58

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3.5	Would you like to be able to work as a registered accountant in another Southern African country?	Yes	No
	▸ Angola	1	2
	▸ Botswana	1	2
	▸ Lesotho	1	2
	▸ Malawi	1	2
	▸ Mozambique	1	2
	▸ Namibia	1	2
	▸ Swaziland	1	2
	▸ Zambia	1	2
	▸ Zimbabwe	1	2

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4. Should qualified accountants from other Southern African countries be allowed to practice in South Africa - please mark the applicable block or blocks.

Yes unconditionally.	1
Yes, after it has been established that the standard of their qualification is sufficiently high in comparison with that of South Africa.	2
Yes, if a conversion examination has been written on South African Law and Taxation.	3
Yes, only after a mutual recognition agreement has been reached between specific individual countries.	4
No - they should requalify in South Africa.	5
Other reasons - please specify _____ _____ _____	6

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5. What are your expectations regarding the future movement of qualified personnel between Southern African countries?

	Yes	No
Movement of qualified accountants in the Southern African region will increase.	1	2
Work in the Southern African region will increasingly depend upon an individual's ability to work across borders in the Southern African region.	1	2

	74
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6. Do you foresee that allowing qualified accountants from other Southern African countries to work in South Africa in practice will reduce your own job opportunities ?

Yes	1
No	2

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Please comment _____

7. Personal information

- 7.1 For how long have you held this professional qualification?

Number of years

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		77-78
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- 7.2 Gender

Male	1
Female	2

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7.3 Please indicate your current age.

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8. Work environment

8.1 Please supply details of your work environment (choose only one please)

Self-employed in private practice	1
Self-employed in commerce or industry	2
Working in commerce or industry	3
Working for government	4
Working as an academic	5
Unemployed	6
Pensioner	7
Other - please specify _____ _____ _____	8

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8.2 What is the size of the organization that you work for?

Small (0-30 workers)	Medium (31 - 150 workers)	Large (150+ workers)
1	2	3

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8.3 Please state your position in the organization _____

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9. If we have any queries, may we contact you?

Yes	1
No	2

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If YES, please state your:

Name: _____

Address: _____

Telephone number: _____ Code: _____

Fax number: _____ Code: _____

E-Mail: _____

**Thank you for completing the questionnaire - please post it back in the enclosed envelope
as soon as possible.**

APPENDIX THREE

RESPONSES TO THE QUESTIONNAIRE

Questionnaire regarding attitudes towards greater co-operation in the training and accreditation of accountants in Southern Africa

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☛ Please indicate your answer by ticking (✓) the relevant square.

1. Do you believe greater co-operation between accounting bodies of Southern Africa should be promoted?

Yes

101

No

16

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4

If YES, please complete the remainder of the questionnaire, except question 1.2 (a).

If No, please complete question 1.2 (a) and question 7, 8 and 9.

- 1.2(a) If NO, why should greater co-operation between accounting bodies of Southern Africa **not** be promoted?

	Yes defi- nitely	Yes	No	Not at all
(i) Quality of education will be lost	10	4	0	1
(ii) Professional status will be diminished	11	3	1	1
(iii) Competition will become too great, with a resultant loss of job oppor- tunities.	2	1	8	4
(iv) Organisational costs will become excessive	4	6	4	1
(v) Other (please specify) _____ _____ _____				

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1.2(b) If YES, why should greater co-operation between accounting bodies of Southern Africa be promoted ?

	Yes d e f i - nitely	Yes	No	Not at all		
(i) It would enhance the status of the individual accounting bodies of Southern Africa, worldwide.	33	55	4	3		10
(ii) Costs could be shared regarding projects like examination setting.	22	46	22	1		11
(iii) Information could be shared.	40	44	6	11		12
(iv) Infrastructure could be shared.	28	51	10	1		13
(v) It would enhance the professionalism of individual accounting bodies	39	51	4	2		14
(vi) Other (please specify) _____ _____ _____						15

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2. To what extent do you agree / disagree with the statements below with regard to the level of co-operation between the various accounting bodies of Southern Africa ?

		Strongly agree	Agree	Disagree	Strongly disagree		
2.1	There should be no co-operation between the countries of Southern Africa	0	0	55	39		16
2.2	Academic training should be harmonised.	39	56	4	2		17
2.3	Practical training should be interchangeable between countries.	21	68	9	3		18
2.4	One qualifying examination should be drawn up for the whole region.	20	55	16	10		19
2.5	Qualified persons should be allowed free access to the whole region, after passing an exam focussed on a specific country's laws.	22	69	7	3		20
2.6	Agreements should be reached with individual countries, regarding practical and academic training.	23	72	5	1		21
2.7	A system of dual membership should be instigated, one for your specific country, and one for the region.	23	53	20	4		22

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3. Indicate your personal need to be qualified to practise in another Southern African country. Please indicate your answer for each country listed.

3.1	Would you like to be registered in:	Yes	No		
	▸ Angola	8	88		23
	▸ Botswana	29	70		24
	▸ Lesotho	28	70		25
	▸ Malawi	16	79		26
	▸ Mozambique	15	82		27
	▸ Namibia	36	63		28
	▸ Swaziland	32	68		29
	▸ Zambia	10	87		30
	▸ Zimbabwe	34	67		31
3.2	Do you think there will be a need in the future for you to be registered in:	Yes	No		
	▸ Angola	10	87		32
	▸ Botswana	26	72		33
	▸ Lesotho	24	74		34
	▸ Malawi	14	83		35
	▸ Mozambique	20	76		36
	▸ Namibia	35	63		37
	▸ Swaziland	30	69		38
	▸ Zambia	11	86		39
	▸ Zimbabwe	30	69		40

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3.3	Do job opportunities in other Southern African countries currently exist?	Yes	No	Don't know		
	▸ Angola	7	9	83		41
	▸ Botswana	25	5	69		42
	▸ Lesotho	10	7	82		43
	▸ Malawi	4	8	85		44
	▸ Mozambique	18	5	76		45
	▸ Namibia	25	9	65		46
	▸ Swaziland	17	7	76		47
	▸ Zambia	6	7	86		48
	▸ Zimbabwe	18	5	77		49
3.4	Do you think job opportunities in other Southern African countries will increase in future?	Yes	No	Don't know		
	▸ Angola	29	15	56		50
	▸ Botswana	41	12	48		51
	▸ Lesotho	26	18	57		52
	▸ Malawi	25	16	59		53
	▸ Mozambique	39	11	50		54
	▸ Namibia	38	15	47		55
	▸ Swaziland	31	15	55		56
	▸ Zambia	22	15	63		57
	▸ Zimbabwe	29	16	55		58

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3.5	Would you like to be able to work as a registered accountant in another Southern African country?	Yes	No
	▸ Angola	16	82
	▸ Botswana	45	55
	▸ Lesotho	35	64
	▸ Malawi	27	71
	▸ Mozambique	30	68
	▸ Namibia	48	51
	▸ Swaziland	43	57
	▸ Zambia	22	76
	▸ Zimbabwe	43	57

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4. Should qualified accountants from other Southern African countries be allowed to practice in South Africa - please mark the applicable block or blocks.

Yes unconditionally.	1
Yes, after it has been established that the standard of their qualification is sufficiently high in comparison with that of South Africa.	59
Yes, if a conversion examination has been written on South African Law and Taxation.	57
Yes, only after a mutual recognition agreement has been reached between specific individual countries.	45
No - they should requalify in South Africa.	12
Other reasons - please specify _____ _____ _____	

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5. What are your expectations regarding the future movement of qualified personnel between Southern African countries?

	Yes	No
Movement of qualified accountants in the Southern African region will increase.	79	18
Work in the Southern African region will increasingly depend upon an individual's ability to work across borders in the Southern African region.	67	25

	74
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6. Do you foresee that allowing qualified accountants from other Southern African countries to work in South Africa in practice will reduce your own job opportunities ?

Yes	28
No	72

	76
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Please comment _____

7. Personal information

- 7.1 For how long have you held this professional qualification?

Number of years

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		77-78
--	--	-------

- 7.2 Gender

Male	107
Female	6

	79
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7.3 Please indicate your current age

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		80- 81
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8. Work environment

8.1 Please supply details of your work environment (choose only one please)

Self-employed in private practice	91
Self-employed in commerce or industry	6
Working in commerce or industry	7
Working for government	0
Working as an academic	1
Unemployed	0
Pensioner	1
Other - please specify _____ _____ _____	10

	82
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8.2 What is the size of the organization that you work for?

Small (0-30 workers)	Medium (31 - 150 workers)	Large (150+ workers)
59	28	18

	83
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8.3 Please state your position in the organization _____

		84- 85
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9. If we have any queries, may we contact you?

Yes	
No	

	86
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If YES, please state your:

Name: _____

Address: _____

Telephone number: _____ Code: _____

Fax number: _____ Code: _____

E-Mail: _____

Thank you for completing the questionnaire - please post it back in the enclosed envelope as soon as possible.